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TABLE AND SUMMARY OF H. R. 10708

LEGISLATIVE HISTORY

Mar.	13, 1962	House passed amended H. R. 10708 which was referred to the House Agriculture Committee. (H. R. 10708 as introduced.)
Mar.	15, 1962	Public Law 87-862 H. R. 10708 H. R. 10708 was reported to the House Agriculture and Forestry Committee (H. R. 10708 as introduced.)
Mar.	19, 1962	House Agriculture Committee voted to report H. R. 10708.
Mar.	29, 1962	House Agriculture Committee voted to report (with an amending report) H. R. 10708.
Apr.	18, 1962	House Agriculture Committee reported H. R. 10708 with amendments. (H. R. 10708 as amended.) (H. R. 10708 as amended.)
Apr.	19, 1962	House passed H. R. 10708.
Apr.	19, 1962	House Agriculture Committee reported a resolution for the consideration of H. R. 10708. (H. R. 10708 as amended.) (H. R. 10708 as amended.)
Apr.	19, 1962	House passed H. R. 10708 with amendments.
Apr.	21, 1962	H. R. 10708 was referred to the Senate Agriculture and Forestry Committee. (H. R. 10708 as amended.)

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Oct.	2, 1962	H. R. 10708 as reported by Senate Agriculture and Forestry Committee. (H. R. 10708 as amended.) (H. R. 10708 as amended.)
Oct.	8, 1962	Senate passed H. R. 10708 as reported.
Oct.	11, 1962	Senate passed H. R. 10708 as reported.
Oct.	11, 1962	Senate passed H. R. 10708 as reported.
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LEGISLATIVE HISTORY

H. R. 10708
Public Law 87-862

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INDEX AND SUMMARY OF H. R. 10708

Mar. 13, 1962 Rep. Poage introduced H. R. 10708 which was referred to the House Agriculture Committee. Print of bill as introduced.

Mar. 15, 1962 Sen. Hill introduced S. 3001 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.

Mar. 19, 1962 House subcommittee voted to report H. R. 10708.

Mar. 22, 1962 House committee voted to report (but did not actually report) H. R. 10708.

Apr. 18, 1962 House committee reported H. R. 10708 with amendments. H. Report No. 1622. Print of bill and report.

May 7, 1962 House passed over H. R. 10708.

May 15, 1962 Rules Committee reported a resolution for the consideration of H. R. 10708. H. Res. 642. H. Report No. 1683.

May 17, 1962 House passed H. R. 10708 with amendment.

May 21, 1962 H. R. 10708 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.

Oct. 1, 1962 H. R. 10708 - reported by Senate committee with an amendment. S. Report. 2221. Print of bill and report.

Oct. 2, 1962 Senate passed H. R. 10708 as reported.

Oct. 3, 1962 House began debate on Senate amendment to H. R. 10708.

Oct. 4, 1962 House concurred in Senate amendment to H. R. 10708.

Oct. 23, 1962 Approved: Public Law 87-862.

INDEX AND SUMMARY OF H. R. 10708

Oct.	23, 1962	Approved: Public Law 87-862.
Oct.	14, 1962	House concurred in Senate amendment to H. R. 10708.
Oct.	3, 1962	House began debate on Senate amendment to H. R. 10708.
Oct.	2, 1962	Senate passed H. R. 10708 as reported.
Oct.	1, 1962	H. R. 10708 - reported by Senate committee with an amendment. S. Report. 2221. Print of bill and report.
May	21, 1962	H. R. 10708 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
May	17, 1962	House passed H. R. 10708 with amendment.
May	15, 1962	Rules Committee reported a resolution for the consideration of H. R. 10708. H. Res. 612. H. Report No. 1683.
May	7, 1962	House passed over H. R. 10708.
Apr.	18, 1962	House committee reported H. R. 10708 with amendments. H. Report No. 1622. Print of bill and report.
Mar.	22, 1962	House committee voted to report (but did not actually report) H. R. 10708.
Mar.	19, 1962	House subcommittee voted to report H. R. 10708.
Mar.	15, 1962	Gen. Hill introduced S. 3001 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
Mar.	13, 1962	Rep. Poage introduced H. R. 10708 which was referred to the House Agriculture Committee. Print of bill as introduced.

DIGEST OF PUBLIC LAW 87-862

REA FINANCING OF COMMUNICATION FACILITIES. Amends the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission (in addition to voice) of sounds, signals, pictures, writing, and signs of all kinds. Continues the exclusion of conventional telegraph service and radio broadcasting service, and provides further for the exclusion of community antenna television facilities intended for other than educational use.

RURAL TELEPHONE SERVICE

U. S. DEPARTMENT OF AGRICULTURE
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LEGISLATIVE REPORTING

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
SECOND SESSION
ON

S. 3001 and H.R. 10708

BILLS TO AMEND THE DEFINITION OF THE TERM "TELEPHONE SERVICE" AS USED IN TITLE II OF THE RURAL ELECTRIFICATION ACT OF 1936, AS AMENDED

JUNE 29, 1962

Printed for the use of the Committee on Agriculture and Forestry



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1962

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RURAL TELEPHONE SERVICE

FRIDAY, JUNE 29, 1962

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL CREDIT AND
RURAL ELECTRIFICATION OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:07 a.m., in room 324, Senate Office Building, Senator Spessard L. Holland (chairman) presiding.

Present: Senators Holland, Talmadge, Young of Ohio, and Boggs. Senator HOLLAND. The subcommittee will please come to order.

This subcommittee meeting has been called for hearing on S. 3001, which is a bill to amend the definition of the term "telephone service" as used in title II of the Rural Electrification Act of 1936, as amended. (S. 3001 follows:)

[S. 3001, 87th Cong., 2d sess.]

A BILL To amend the definition of the term "telephone service" as used in title II of the Rural Electrification Act of 1936, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(a) of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended to read as follows:

"(a) As used in this title, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended (47 U.S.C. 153(o))."

Senator HOLLAND. In reply to a request from the chairman of the full committee, Secretary Freeman wrote a letter to Senator Ellender dated April 9, giving the recommendations of the Department of Agriculture on this bill. I ask that that letter be incorporated in the record.

(The letter referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 9, 1962.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of March 16, 1962, for a report on S. 3001, a bill to amend the definition of the term "telephone service" as used in title II of the Rural Electrification Act of 1936, as amended.

This Department recommends that the bill be passed.

The bill amends the definition of "telephone service" contained in section 203(a) of the Rural Electrification Act, as amended, so as to permit REA to finance a broader range of communication facilities than is presently authorized. Under

the existing definition of "telephone service," REA may finance those communication facilities in which "voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof." This definition precludes REA financing of communication facilities where voice communication is not the principal element. The telephone industry has developed and is providing a growing variety of communication services in addition to conventional voice communication. These include facilities for such services as closed circuit television, teletypewriter, private line, telephotograph, and writing and data transmission. These are today generally recognized and are being increasingly utilized as normal services rendered by telephone companies in their service areas. A number of these services are also being provided by telegraph companies in addition to conventional telegraph service.

The proposed change in the definition of "telephone service" would allow REA to finance communication facilities for the transmission of sounds, signals, pictures, writing and signs, as well as voice. No change is made in any other provision of the act. Enactment of the bill would not open up a new field of REA financing but would enable REA to take care of its telephone borrowers' needs in providing services which telephone organizations are normally called upon to provide. There would continue to be excluded from permissible REA financing, as at present, conventional telegraph and public radio and television broadcasting facilities.

When the Congress was considering the legislation authorizing REA to make rural telephone loans, the possibility of future developments within the industry was recognized as was the possibility of Congress being called upon to make appropriate revisions in the authorizing statute to permit REA to meet financing needs associated with such developments. Rural telephone systems which have availed themselves of REA financing are faced with demands for communication services related to these developments. One such service, and a most important one, is the furnishing of facilities for the distribution of educational television over closed circuits to the schools in their service areas. They have a public and civic responsibility to furnish these facilities. Several borrowers have approached REA for financing of closed circuits for this purpose and have expressed the view that they should be able to render, in the rural areas they serve, the same service that other telephone companies offer. Enactment of S. 3001 would help them achieve this.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

Senator HOLLAND. In order to expedite the conclusion of this matter, I want to give notice that the hearing is also held upon H.R. 10708, an act on this same subject, which in some respects is different from S. 3001. The witnesses may be heard on either or both of those acts.

(H.R. 10708 is as follows:)

[H.R. 10708, 87th Cong., 2d sess.]

AN ACT To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended by striking out subsection (a) thereof, and inserting in lieu thereof the following:

"(a) As used in this title, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or community antenna television system services or facilities such services and facilities shall be limited to closed circuit television operations other than those intended for educational purposes, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended."

Passed the House of Representatives May 17, 1962.

Attest:

RALPH R. ROBERTS, *Clerk.*

Senator HOLLAND. Under date of June 27 this subcommittee received a letter from Mr. Robert D. Partridge, legislative representative of the NRECA, supporting the purpose of these bills. I ask that that letter and the resolution attached thereto be made a part of the record.

(The letter is as follows:)

WASHINGTON, D.C., June 27, 1962.

HON. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agriculture Credit and Rural Electrification, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: We understand that your committee will hold hearings on June 29, on S. 3001 and H.R. 10708. These bills amend the definition of telephone service contained in the Rural Electrification Act, so that REA financing may include telephone facilities required to provide rural areas with educational TV and data transmission facilities.

The National Rural Electric Cooperative Association supports the amendment to the Rural Electrification Act which these bills would accomplish. During this association's annual meeting last March, the membership adopted a resolution setting forth our position and the basis for it. A copy of the resolution is enclosed.

We respectfully request that this letter and the accompanying resolution be included in the printed hearings on S. 3001 and H.R. 10708.

Sincerely yours,

ROBERT D. PARTRIDGE,
*Legislative Representative,
National Rural Electric Cooperative Association.*

RESOLUTION NO. C-11 OF THE NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

Whereas through the efforts of REA telephone borrowers, more than 6½ million inhabitants of rural America are receiving adequate and dependable telephone service, and many of the rural people receiving such service are also members of electric cooperatives; and

Whereas many new concepts of communication such as educational television and data transmission are being introduced and performed by telephone systems, and under present wording of the REA Act, telephone borrowers may not borrow funds for such purposes thus restricting their operations to the detriment of rural subscribers: Now, therefore, be it

Resolved, That NRECA endorse and support the amendment to the REA Act as proposed by the National Telephone Cooperative Association; which amendment, if passed, would allow REA to loan funds for new services such as educational television and data transmission.

Senator HOLLAND. The first witness is Mr. Richard A. Dell, Deputy Administrator, REA.

Mr. Dell.

STATEMENT OF RICHARD A. DELL, DEPUTY ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE

Mr. DELL. Mr. Chairman and members of the committee, I am Richard A. Dell, Deputy Administrator, REA. With me are Raymond W. Lynn, Director of REA Telephone Engineering and Operations Division, and Ralph F. Koebel, Assistant General Counsel, USDA, who will be available to furnish any technical or legal information the committee may desire. The following telephone program data may be of interest to the committee. As of May 31, 1962, REA has made loans totaling approximately \$887 million to 777 telephone companies and cooperatives located in 45 States and the Virgin Islands. Of these, 565 are commercial companies with loans totaling about \$582 million, and 212 are cooperative type borrowers

with loans totaling about \$305 million. As a result of these loans, 898,000 rural subscribers will receive improved service and an additional 818,000 rural families will receive service for the first time.

Senator HOLLAND. Are these loans in current condition?

Mr. DELL. Yes, sir.

Senator HOLLAND. All of them?

Mr. DELL. We may have a little bit of delinquency, but not much. I can give it to you.

This is as of the end of May, Mr. Chairman. Overdue more than 30 days, the principal was \$210,590 from three borrowers. That is among the cooperatives. Commercial companies, one borrower more than 30 days overdue. And the amount overdue is \$250 in principal.

The interest more than 30 days overdue from cooperatives is \$9,077. From the one commercial borrower the interest overdue more than 30 days is \$467.

Senator HOLLAND. Do I understand, then, that of the 565 commercial borrowers only one was delinquent at the time?

Mr. DELL. As of the end of May; yes, sir.

Senator HOLLAND. And the 212 cooperative-type borrowers, how many were delinquent as of that time?

Mr. DELL. Three.

Senator HOLLAND. Senator Talmadge, any questions?

Senator TALMADGE. No.

Senator HOLLAND. Senator Boggs.

Senator BOGGS. No.

Senator HOLLAND. Proceed.

Mr. DELL. I appear today, at the committee's request, to discuss S. 3001 and H.R. 10708, which has passed the House and is now before your committee. These bills would amend the definition of "telephone service" as it appears in section 203 of the Rural Electrification Act.

In the summer of 1961, a number of REA telephone borrowers inquired as to the possibility of REA financing facilities to be used for delivery of educational television to school systems located in their service areas. These inquiries came primarily from systems in South Carolina although other States indicated interest. Inquiries have also been received from borrowers concerning REA financing of communication facilities to be used for data transmission, teletypewriting, and similar services.

When this problem was presented to us, we inquired of the General Counsel's Office as to REA's authority to finance such facilities. Our lawyers advised us that under the definition of telephone service in the present law, the only communication facilities which REA may finance are those in which "voice communication through the use of electricity * * * is the principal intended use."

Senator HOLLAND. Is that from the law or the opinion of counsel?

Mr. DELL. That is from the act.

Senator HOLLAND. Thank you.

Mr. DELL. Consequently, communication facilities are excluded if they are intended solely for nonvoice communication, or for both voice and nonvoice communication where voice is not the principal element. Also expressly excluded by the definition are "telegraph services," and "radio broadcasting services," which as defined in the Communications Act of 1934, includes television broadcasting. S. 3001 and H.R.

10708 would extend the communication facilities which REA may finance to those furnishing any type of communication service through use of electricity, including transmission of sounds, pictures, writing, signs and other data, as well as of voice. There would continue to be expressly excluded from permissible financing, as at present, public radio or television broadcasting facilities, and conventional telegraph facilities which we understand are generally construed as facilities used in the transmission of written messages filed with the company by the general public.

Counsel's interpretation was communicated to the interested borrowers. They expressed the view that REA-financed telephone systems should be able to render, in the rural areas they serve, the same service that other telephone utilities offer. It is our understanding that enactment of the pending measure is sought to achieve this and thereby to place REA-financed systems on technical and competitive parity with other segments of the industry. As originally introduced, S. 3001 and H.R. 10708 would, we believe, resolve any question as to REA's authority to finance the local distribution facilities intended for use in educational television. The bills would permit also the financing of other types of service, such as data transmission, teletypewriting, facsimile reproduction, and other photographic transmissions, all of which are services commonly rendered by telephone companies. I would like to emphasize that S. 3001 and H.R. 10708 would not open up a new field of REA financing for a new industry but would be a matter of enabling REA to take care of its telephone borrowers' needs in providing services which telephone organizations are normally called upon to provide.

Between March 19, 1962, the date of the hearings on H.R. 10708, before the House Committee on Agriculture, and May 17, 1962, when the bill was taken up and passed by the House of Representatives, the National Community Television Association suggested an amendment of H.R. 10708. The objective of the association, which represents a substantial segment of the commercial community antenna television (CATV) industry was to eliminate from the definition of "telephone service" in the bill, commercial CATV services and facilities. REA had no objection to the proposal since the rendition of commercial CATV service is not ordinarily a function of telephone companies. As a matter of fact, REA had not even taken into consideration the financing of such service. In this connection, it should be understood that CATV service is found predominantly in cities and not in rural areas, due to the high cost of the cable system required for the service. This cost is reported to approximate \$5,000 per mile. This necessarily limits the commercial service to urban or built-up areas where the density per mile of subscribers is great enough to bring the charge for the service within a range which would be attractive to subscribers in terms of initial installation cost and monthly fee. Available data indicate that of the CATV systems now in operation above 85 percent are located in communities with population in excess of 1,500. Even if REA's statutory authority were broadened to encompass CATV facilities and service as such, it is doubtful that REA loans for such purpose could be made in view of the rural area requirements of the REA statute.

With such considerations in mind, and having determined that the borrower organizations which had initiated the drive for the amenda-

tory legislation, and the sponsor of the bill, had no objection to the amendment proposed by NCTA, REA acquiesced in the proposed amendment. It is important to note that the language of the CATV exclusion made an exception in the case of services and facilities "intended for educational purposes." This exception is important because of the fact that the facilities required for use by telephone companies in bringing educational TV programs into rural communities could be the same as those used for commercial CATV enterprises, that is, an antenna and cables to the receiving sets.

At the outset of the House debate on May 17, Congressman Poage, the sponsor of H.R. 10708, announced his purpose to offer the CATV amendment. Unfortunately, during the debate which ensued, there was evidenced considerable misunderstanding of the purpose and scope of the bill and of the CATV amendment.

Concern was expressed that the proposed definition of "telephone service" would allow REA-financed telephone systems to engage in the general broadcasting of television signals. This concern is without foundation. It is our hope that these hearings will serve to dispel any misunderstanding.

We wish to emphasize that the proposed legislation retains the original language of the 1949 amendment to the act which expressly and clearly excludes "radio broadcasting services and facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended." Radio broadcasting under this section clearly includes television broadcasting. The Poage CATV amendment adds a further exclusion to the two already appearing in the 1949 amendment. This third exclusion deals with "community antenna television system services or facilities other than those intended for educational purposes." This amendment, as I have stated, was suggested and supported by representatives of the National Community Television Association and was offered by Congressman Poage, the House sponsor of H.R. 10708.

The following description of a community antenna system, taken from the April 13, 1959, report and order of the Federal Communications Commission in docket No. 12443, *Television Broadcasting Development Inquiry* (24 F.R. No. 76, April 18, 1959, pp. 3004 at 3006-3007), will serve to present the nature of CATV operations:

10. CATV's. A community antenna system (CATV) consists of a receiving antenna located on a high elevation so as to receive signals to best advantage, and wire lines whereby the signals received are transmitted to the receiving sets of the subscribers in the community, together with necessary amplifying equipment and sometimes equipment to "convert" the signal from the channel on which it is received to another channel at which it appears on the subscriber's set. Typically the CATV uses the lowest VHF channels on the subscriber's set; this necessitates conversion of the signals of any higher VHF or UHF stations which are carried on the system. The systems, which are generally business enterprises conducted for profit, obtain revenue by charging subscribers a monthly fee * * * and generally in earlier years, and in many cases still, charge an initial installation fee * * *. The systems range in number of channels from one to seven (and in a very few instances more than seven); many of them have expanded their facilities in recent years, and a substantial majority * * * now have at least three channels. Typically, each station occupies one channel on the system. In some instances, however, it appears that some kind of switching arrangement is used whereby either the system or the microwave common-carrier facility supplying it presents a selection of programs from more than one station for each channel. However, a number of CATV's have additional channels on which no television stations' signals are presented; on these sometimes "closed-circuit" telecasts of programs or advertising are presented * * *.

In other cases (e.g. Ithaca, N.Y.) CATV's have made a channel available to educational institutions, for use in closed-circuit programing for schools or for subscribers generally.

11. CATV's developed originally chiefly in places where satisfactory direct television reception was not possible, either because of distance from a station or (as in the rugged portions of the East) where terrain is an adverse factor.

12. The CATV's carry on their systems stations located both nearby and at a distance. The presentation of the programs of distant stations is in many cases made possible by use of microwave common-carrier facilities, which pick up the signals of the station at a point relatively near its location, and relay them to the distant CATV's receiving antenna. In some instances this kind of operation involves a relatively short distance (100 miles or less) between the city wherein the station is located and the CATV's community; the microwave facilities in these cases are used to improve the quality of the signal distributed and save line expense. However, in most cases where microwave transmission is involved the CATV's community is well over 100 miles from where the station is located.

This order (at pp. 3013-3014) and other decisions have established that the Federal Communications Commission has no jurisdiction over CATV's because they do not "broadcast."

CATV facilities are not open to the public and are intended and used primarily for the distribution to subscribers of TV programs which are obtained from off-the-air broadcasts by regulated TV stations. Such operation of CATV facilities are not considered "closed circuit operations" in the terminology of the industry.

Under the wording of the Poage CATV amendment, REA financing of CATV facilities would be limited to those CATV facilities intended for the distribution of educational programs. It is of great importance and in the public interest that CATV facilities financed by REA be available for educational television programs whether they originate in and are transmitted from regulated TV broadcasting stations, closed circuit systems, or a combination of the two. The recently enacted Federal legislation (Public Law 87-447) for matching grants-in-aid for educational television authorizes grants for the construction of new television broadcasting facilities. Restriction of REA-financing to CATV facilities which could be used solely for completely closed circuit educational television programs would deprive the intended rural beneficiaries of the REA telephone loan program of access to the important, growing, and federally assisted tool of broadcast educational TV programs.

Some confusion as to the techniques, methods, and facilities employed in the CATV operation appears to be manifested in the May 17 House debate of H.R. 10708. It is difficult to ascertain any clear intent other than that expressed by the language of the CATV amendment offered by Congressman Poage. The confusion appears to have been intensified by the adoption of an amendment to the CATV amendment which appears to add a limitation to the explicit exclusion from REA financing of CATV facilities other than for educational programs. The limitation added by the amendment referred to "closed circuit television operations" and is capable of various interpretations including the following:

1. The intent was to limit any CATV financing by REA to the facilities commonly regarded as CATV facilities, which might in themselves be considered "closed circuit," i.e.—

the receiving antenna. * * * and wire lines whereby the signals received are transmitted to the receiving sets in the community, together with necessary amplifying equipment and sometimes equipment to "convert" the signal * * *. (FCC report and order, *supra*, p. 3006).

If this was the intent, the amendment was superfluous.

2. The intent was to limit any CATV financing by REA to facilities which would be used solely and exclusively to receive educational programs originating and terminating on closed circuits without the use of "broadcasting." Although there are such telecasts, they are few and will probably continue to be sparse when the expansion in educational broadcast TV, fostered by the new Federal assistance program, gets underway. Carrying out this intent would defeat a chief purpose of the bill, to open the new and stimulating world of broadcast educational television to rural America.

3. The intent was to exclude from REA financing only CATV facilities for closed circuit noneducational (commercial) television programs and, therefore, to permit REA financing of CATV facilities for off-the-air and closed circuit educational programs as well as for off-the-air commercial programs. This would be entirely inconsistent with the probable intent of the sponsor of the limitation.

The most effective way, and perhaps the only way to achieve what most reasonably appears to be the intent of the language of the bill itself, the hearings before the House Committee on Agriculture, the committee report, and the House debate, and to dispel the confusion, is to eliminate the "closed circuit" amendment to the Poage CATV amendment. We ask this committee to eliminate the phrase added to the Poage CATV amendment which appears in the Senate committee print of H.R. 10708, at page 2, on lines 6-7 and reads, "such services and facilities shall be limited to closed circuit television operations." We accept the CATV amendment as offered by Congressman Poage and believe that if S. 3001 were so amended it would amply carry out the purpose of the bill with respect to educational television programs and would not intrude into the area of "radio broadcasting services or facilities."

Mr. Chairman, we appreciate the opportunity to appear. And if there are questions we would be glad to answer them.

Senator HOLLAND. I have a question or two, and I am sure other Senators will have some.

It is your intent to permit the REA, that is, the Federal Government, to make loans financing the putting in of such equipment as may be necessary to receive and transmit educational television programs, is it?

Mr. DELL. That is correct—to do that financing where we have a telephone borrower.

Senator HOLLAND. What is the difference between the system for such receiving and transmitting of educational program signals in educational stations and the transmitting of commercial stations?

Mr. DELL. I want to make one correction in the first question you asked me. We would not finance for the transmitting, we would only finance for the receiving of the educational programs, we would not finance for the transmitting.

Am I correct in that, Mr. Lynn?

STATEMENT OF RAYMOND W. LYNN, DIRECTOR, TELEPHONE
ENGINEERING AND OPERATIONS DIVISION, RURAL ELECTRI-
FICATION ADMINISTRATION, U.S. DEPARTMENT OF AGRI-
CULTURE

Mr. LYNN. If you mean broadcast transmission.

Senator HOLLAND. My understanding is that you would finance the transmission but not the broadcasting facilities.

Mr. DELL. That is right.

Senator HOLLAND. My question is, what is the difference between the physical system required and the details thereof for the installation of a system that would receive and transmit the signals from an educational station and that which would receive and transmit the signals from a commercial station?

Mr. DELL. Mr. Lynn, the head of our engineering department will answer that.

Senator HOLLAND. Mr. Lynn.

Mr. LYNN. There would be no difference in the facilities used.

Senator HOLLAND. In other words, what you are asking for is permission to finance the facilities to receive and transmit to the subscribers to your system educational programs, but that same system, the same equipment could be used to transmit any program from any sort of station within range?

Mr. LYNN. That is true.

Senator HOLLAND. How do you expect to confine the use of it to the transmission and receipt and distribution of educational programs?

Mr. LYNN. The request for service would be from educational institutions, and they would be the subscribers that would be served. It would not be the general public subscribers of the company.

Senator HOLLAND. Suppose I were a person that had my home in the area covered by a rural telephone system, whether a cooperative or a private system that had been granted loans to extend and improve service, and suppose I coupled into the cable of the transmission system which had been procured through the loan from the REA. What would prevent me or the person that was receiving at the receiving portion of the system from receiving the signals from any station within range whether commercial or educational?

Mr. LYNN. The telephone company providing these facilities would have to receive and transmit that signal, the signals that you would be receiving would be those for educational purposes, and you would not be receiving the others and transmitting those.

Senator HOLLAND. What would prevent you from so doing it?

Mr. LYNN. Our financing would be limited to those for educational purposes.

Senator HOLLAND. My question is, isn't that equipment—aren't those transmission lines—isn't the whole system just as able to receive and transmit the signals from any commercial station any program that is within its range?

Mr. LYNN. It has the capability, if you put in the receiver to receive the proper channel and to transmit that channel, yes.

**STATEMENT OF RALPH F. KOEBEL, ASSISTANT GENERAL
COUNSEL, U.S. DEPARTMENT OF AGRICULTURE**

Mr. KOEBEL. I think we would only finance the part that was educational.

Senator HOLLAND. By putting in a very small amount of additional equipment they could then receive from any station within range, couldn't they?

Mr. KOEBEL. We would require them to finance any commercial activity other than from our funds.

Senator HOLLAND. But the same cable would operate to serve both ends, would it not?

Mr. KOEBEL. I think that would have to be conceded. But I think in the financing that we would make sure that the proportions were proper.

Senator HOLLAND. Well, it is not clear to me. But it appears to me that the major part of the costs, that is, the furnishing of the cable, could be used just as well to transmit commercial programs as it could educational programs, and that with very little or maybe no added expense the system could be used for the receiving and transmission of any program from any station within range. Is that true or not true?

Mr. KOEBEL. What you have said is true, sir. I think, as Mr. Dell has pointed out, however, if we properly assess these costs, the costs would be rather prohibitive to the ordinary rural resident, whereas if we are financing it for educational purposes, presumably the costs are being borne by the school systems who might be using it.

Now, if any private subscriber wanted to use the educational portion, I assume he would have to bear his share. If commercial reception were on the same lines we would have to insist on the proportion being sound. And it appears to us that an ordinary rural resident would not be interested in the cost, if our costs are properly assigned.

Senator HOLLAND. Suppose you make the loan, and it follows that the cables are put in and the receiving facilities to receive from the educational station. Isn't the adding of additional facilities to receive from other stations that are within range, commercial stations, a very small added expense?

Mr. KOEBEL. Assuming that that is true—and Mr. Lynn could answer that better than I—I believe we would control that as in our other activities, telephone and electric, where our non-REA Act beneficiaries are involved, we insist that the costs be properly borne.

Senator HOLLAND. In other words, even after the cable were in, you would insist on such association, if it desired to receive other signals, other programs, commercial, to come back and repay you for that portion of the cable cost which is then attributable to other programs?

Mr. DELL. I think what we would do there—I depend on Mr. Koebel somewhat in this answer—but I think what we would do there, Mr. Chairman, is simply make this purpose very clear, and the requirement very clear in the loan contract when the loan is originally made, and they would be controlled in doing the sort of thing you described.

Am I correct?

Mr. KOEBEL. I think in effect that that is so. I didn't want to suggest that it is impossible also to provide commercial service.

Senator HOLLAND. You mean that you would try by all means available to you in the contract to restrict the operation to the receipt and transmission of educational systems?

Mr. DELL. Right. If we were loaning one of our borrowers in any State money for this purpose, the loan contract would specify the purpose for which this loan was being made and the uses to which the loan funds could be put, and then the facilities that those funds provide, the use to which they could be put.

Am I right?

Mr. KOEBEL. I think so. It may be theoretically possible to serve rural individuals but I think under the terms of the act as the amendment is proposed, it is highly improbable.

Senator HOLLAND. Now, your testimony has stated that the cost of the cable installation is about \$5,000 a mile, is that right?

Mr. DELL. Yes.

Senator HOLLAND. That is the principal cost of the entire system for the receipt and transmission of television programs, isn't it?

Mr. LYNN. That is a good portion of it, the antennas and amplifiers contribute considerable cost too.

Senator HOLLAND. What proportion of the cost is cable cost? My understanding has been that that was the large part of your cost in CATV systems.

Mr. LYNN. I couldn't give a percentage. I agree that it is the largest part.

Senator HOLLAND. Now, do ordinary telephone companies in rural areas install such cables for the purpose of allowing the receipt of educational programs solely?

Mr. LYNN. This new bill that was passed, that provides Federal grants, with State matching grants, will bring into the picture this need to a great extent. The present need is quite limited, I believe, as far as telephone companies are concerned.

Senator HOLLAND. Do you know of any case where a commercial telephone company has paid for the installation of cables and the other facilities for the receipt and transmission of an educational program?

Mr. LYNN. No, I don't believe I do at the moment other than in closed circuit ETV systems.

Senator HOLLAND. And yet you would propose to allow both private and public associations that were borrowers from REA for rural telephone service to install through loans from REA such cable and distribution and receiving systems?

Mr. LYNN. When they have a request from educational institutions for that service.

Senator HOLLAND. Is there anything in the act that limits this to service requested by educational television stations or systems? I didn't so find it.

Mr. KOEBEL. No, Mr. Chairman, there isn't. But what we are saying is that it would be such activities that would be likely. If you are thinking in terms of this CATV reception off the air, there are other forms, of course, that are typical closed circuit, I believe, such as exists in South Carolina. But as we visualize it, the principal type of users of an educational CATV system would be an institution. For the general public, the cost would be prohibitive.

And if I may comment a little further on your basic question, if we have financed the CATV system for educational use, that would be the only financing that we could make of this system, and then if the borrower wanted to attempt to apply commercial to it, we would insist that the full cost of commercial activity be financed otherwise by the borrower.

Senator HOLLAND. They would use the same cable system that you would have financed and already installed?

Mr. KOEBEL. I don't know what the costs would be, but it seems to me at the moment it would be prohibitive.

Senator HOLLAND. Suppose the loans from you had been secured for the purposes that you had in mind, and the cable system had been installed, now, what would prevent the borrower, whether a commercial borrower or an association, cooperative, from using its own money to install the additional facilities for receipt of the other programs, from using the same cable whose installation you financed for the distribution of those programs?

Mr. KOEBEL. I think at this sitting we would consider the cable to be there for educational purposes, that is all we can do under the act.

Senator HOLLAND. And then if it were used for these other purposes what could you do, practically, to insist upon the initial cost already put in being prorated among the various users?

Mr. KOEBEL. I think we haven't seen that through, Mr. Chairman, we know at the moment that all the installation is for this purpose. And it does seem to us that the cost of adding on residential commercial users would be prohibitive.

Senator HOLLAND. Do I understand, then, that what you are planning to do is to simply have this used at schools?

Mr. LYNN. That is the principal thinking; yes.

Senator HOLLAND. You understand, educational stations broadcast not just to schools, but to homes and all types of receiving sets.

Mr. LYNN. I think the thinking here was that the request for any distribution, antenna and distribution of the signal, would be from educational institutions wanted to get it into their places.

Senator HOLLAND. In other words, what you intend to do is to have this wording such that you confine this program to the receipt of educational programs from educational television stations and the transmission of those programs to schools only?

Mr. LYNN. Schools or hospitals, whatever the educational system would ask us to serve or to provide such service to.

Senator HOLLAND. If they asked you to provide it for individual homes would you think that you were so authorized?

Mr. LYNN. In the case of a cripple or a shut-in that they wanted this program for, I believe it would be proper.

Mr. DELL. The cost would be pretty high, though, Senator, I think it would be prohibitive to bring it to homes.

Mr. LYNN. I would like to add that such a cable distribution system to the schools would certainly not cover the total area, and would require more cable to get to individual homes. And that might be prohibitive as far as the individual subscriber is concerned.

Senator HOLLAND. Speaking only as one, I have no opposition at all to the proposal if it affects only the transmission of educational programs to schools. But if what you are proposing to do is to set up a general cable service which can be tapped in by others, and which

can be used just as well for the receipt and transmission of commercial programs as it can for educational, I would want to take a second look at it.

Mr. DELL. I would like to assure you, Mr. Chairman, that we in REA certainly have no intention of getting into the commercial field in this matter of transmitting programs. And we have no intention of doing it. And I don't think our borrowers do. I can't speak for 775 of them. But I don't believe they do.

Senator HOLLAND. Let's get back to a question I asked a while ago. Are any of the commercial companies financing the putting in of cables to the schools?

Mr. LYNN. They are on closed systems circuits; yes, sir.

Senator HOLLAND. The closed system circuits are excluded by the terms of this bill; are they not?

Mr. LYNN. That is one interpretation of it the way it reads.

Mr. KOEBEL. I think that is only true of the House bill.

Mr. DELL. The House bill as it finally passed.

Mr. KOEBEL. Assuming you put that interpretation on it.

Senator HOLLAND. Senator Boggs.

Senator BOGGS. The first thing that occurred to me—and I certainly want to give consideration to it—I would like to have the information as to the areas now served by the REA telephone service of the various States covered. I wonder if that could be made available, where we have that service.

Mr. DELL. Yes, sir. We have loans now in 45 States and the Virgin Islands. The States in which we have no loans now are, I believe, Connecticut, Rhode Island, Hawaii, and there would be two others. I will get them for you. But there are 5 States out of the 50.

I find I have them right here. We had no loans in Connecticut, Delaware, Hawaii, Idaho, and Maryland. In the other 45 States we have borrowers. It looks like the largest number of borrowers is in—did I not name Rhode Island?

Senator HOLLAND. No; you didn't.

Mr. DELL. That is the fifth State.

Senator HOLLAND. You have named six now.

Mr. DELL. Connecticut, Delaware, Hawaii, Maryland, and Rhode Island. And leave out Idaho.

They run anywhere from one borrower to—

Senator BOGGS. One borrower is a company?

Mr. DELL. Our borrowers are broken down this way: We have 777 telephone borrowers, 565 of them are commercial companies, and they have borrowed \$582 million. We have 212 cooperative-type borrowers, and they have borrowed \$305 million.

Now, the number of borrowers—and it gets to be a company or a cooperative—run from 1 in some States up to, it appears here, the highest number I see is 63 in Texas.

Senator BOGGS. And those companies or cooperatives would serve individual homes or institutions?

Mr. DELL. Yes, with telephone service.

Senator BOGGS. And the experience is satisfactory with those, and they are paying out on your present operation?

Mr. DELL. Yes, sir; the record is good. Out of the total of—I can give you those figures—out of the total of 212 cooperatives, \$305

million, there are 3 of them with payments overdue more than 30 days. The total in principal for those three is \$210,590. The interest is \$9,077.

Now, with 565 commercial companies, whose loans total \$582 million, there is only 1 with a payment overdue more than 30 days, and I think this must be for some technical reason, because the amount is so small. The principal is \$250, the interest is \$467.

Senator BOGGS. In all these areas, Mr. Dell, where this service is rendered, this is the only telephone service rendered?

Mr. DELL. The only telephone service rendered.

Senator BOGGS. And the enlarging of this service by this bill would be the only way these areas could be served with this transmission system?

Mr. DELL. That is right. When I say it is the only way, that brings up, Senator Boggs, a very interesting thing. On this educational television, where that service is being requested, if REA can't finance it for an REA borrower, it may be a company serving in an adjacent area, the Bell Co. or another independent company, or what have you, that will be called upon to provide the service.

Senator BOGGS. To put in a CATV in the area.

Mr. DELL. Right.

I would like to add this, Mr. Chairman, if I may, to follow a little bit on your line of questioning with respect to these systems going in and getting into the commercial field. I think in every State in which we have a borrower—there may be a few exceptions—but in nearly every one of those States they are subject to a State regulatory body, the public service commission or the utilities commission. And those commissions have jurisdiction as to rates, territories, the type of service to be furnished, and in some of them they have almost complete jurisdiction.

And we in REA do not finance them, Senator Boggs, until they have gotten all State regulatory approvals.

Senator BOGGS. The cooperatives have to get the same approvals?

Mr. DELL. The cooperatives and the commercials are practically the same; yes, sir.

Senator HOLLAND. That does not extend to CATV service, does it?

Mr. DELL. No, sir, it generally does not.

Senator BOGGS. But as I understand this bill, it would include CATV, that would be one of your primary services, wouldn't it?

Mr. DELL. It wouldn't be a primary one. It could include CATV, as I understand it, to the extent that it is used for educational purposes.

Mr. KOEBEL. That is right. Also it would be a question of whether our borrower had corporate power to go into CATV. That also would have to be the case.

Senator BOGGS. He could get that simply, couldn't he?

Mr. KOEBEL. Presumably he could get it, if the Commission had jurisdiction, or it might be a question of a charter authority.

Senator HOLLAND. Senator Boggs.

Senator BOGGS. The private telephone companies are setting up these CATV community services, aren't they?

Mr. DELL. No.

Senator BOGGS. To what extent are they in that field?

Mr. DELL. I don't know for sure, but I think to a very small extent—Ray, would you comment on that?

Mr. LYNN. I don't know that the telephone industry itself is in the CATV business at all.

Senator BOGGS. Well, as such—but commercial enterprises are in it substantially?

Mr. LYNN. Yes, very much so.

Mr. DELL. Senator Boggs, if I could make a comment, I know Mr. L'Heureux from the association, who represents the CATV people, is to testify on this bill, and I know he can clear up many of those questions, including the last one you asked there.

Senator BOGGS. But if you were granted this enlarged authority you would set up CATV services restricted to educational TV?

Mr. DELL. Right, sir.

Senator BOGGS. I would think that would be a very expensive item just restricted to educational TV, if you don't include the whole service on it, as desirable as having educational TV is concerned, I would think it would almost be prohibitive in itself unless you included the total service that that system could carry.

Mr. LYNN. I think an example of that might be if we looked at the State of South Carolina, which is putting in not a broadcast educational TV, but putting in a closed circuit educational TV system over the entire State. And the telephone companies are furnishing and installing the cables and microwave and other facilities required to distribute that over the State. It is of course rather costly, but it is being borne by the State educational group, and it is easily justified on their part, as I understand it, because it replaces teachers and provides——

Senator BOGGS. Supplements teachers, the teachers tell me.

Mr. LYNN. I am sorry, I didn't mean replace—it adds teaching ability of high quality over the State. Certainly if the telephone company were trying to foster that they would find a very small market, because subscribers themselves would not be able to afford it.

Senator BOGGS. But your main objective in this is primarily for educational TV?

Mr. LYNN. That is where the whole request stems from.

Senator BOGGS. And it would be your desire that the language and the intent would be limited to that?

Mr. LYNN. Yes.

Senator HOLLAND. You don't mean to exclude these other services like teletype and similar services which are furnished by normal telephone companies?

Mr. LYNN. No.

Senator HOLLAND. You do mean to include them?

Mr. LYNN. Yes.

Mr. KOEBEL. I think Senator Boggs' point was related to the narrow TV issue rather than the broad range.

Senator BOGGS. It was. And your question was right, then.

Senator HOLLAND. I confess I am puzzled. I notice that in your statement, Mr. Dell, on the paragraph at the bottom of page 2 you speak of the intent to render "the same service as other telephone utilities offer." Now, I understand that normal telephone utilities do offer some things not permitted by the present language of the Rural Telephone Act like telecommunications and things of that kind.

Mr. DELL. That is right.

Senator HOLLAND. But I don't understand that telephone utilities do offer this installation at their expense and the cable service required to transmit the educational TV. And I have asked two or three questions to ask that you indicate where any commercial companies have installed those cables for that purpose.

Mr. LYNN. They have installed cables for that purpose on a closed-circuit basis. They have installed them in Hagerstown, Md., serving the schools there. They are in the State of South Carolina, and there is a considerable amount of such facilities.

Senator HOLLAND. You mean at the expense of the telephone system?

Mr. LYNN. The telephone system is financing and putting them in, and it is receiving its compensation on a fee basis from the—I think there is a State educational commission—there are certain tariffs that the telephone companies have filed.

Senator HOLLAND. I ask that you prepare and file for this record a statement covering what the commercial telephone companies are doing in this field, because I understand from your statement that what you are trying to do is to leave the borrowers under your system in a position so that they will be able to render the same service that commercial telephone companies generally are offering.

Will you furnish for the record that information?

Mr. DELL. Yes, sir.

(The information is as follows:)

STATEMENT ON THE ACTIVITIES OF COMMERCIAL TELEPHONE COMPANIES IN THE DISTRIBUTION OF EDUCATIONAL TELEVISION TO EDUCATIONAL INSTITUTIONS

This report on the role of telephone companies in distributing ETV to school systems was obtained orally, chiefly from officials of major telephone companies which supply such services. It does not therefore purport to present a comprehensive picture of these rapidly growing activities. The following ETV systems utilize equipment furnished by telephone companies. This equipment includes coaxial cable, microwave facilities, or a combination of both, as well as amplifying and associated equipment:

California.—Anaheim school system: The ETV system now serves 20 schools with 2 channels, with coaxial cable and associated facilities furnished by a telephone company.

San Jose school system: The ETV system now serves 6 schools with 3 channels, with coaxial cable and associated facilities furnished by a telephone company.

Indiana.—Purdue University. The ETV system connects the campus at Bloomington with the extension campus at the Indianapolis downtown center, and plans are being made to connect all extension campuses in the State. This involves the furnishing by telephone companies of both microwave and coaxial cable.

Maryland.—Washington County school system: The ETV system serves 48 schools with 6 channels. This involves 113 miles of coaxial cable and associated equipment furnished by the telephone company. The telephone company has been informed that the State plans to extend this type of ETV to all schools in the State of Maryland.

Michigan.—Michigan State University: The on-campus system furnishes ETV to five buildings with four channels, with facilities furnished by a telephone company.

New York.—Cortland school system: The ETV system now serves eight schools with two channels. This involves 20 miles of coaxial cable and associated equipment furnished by two telephone companies.

Ohio.—Ohio State University: The on-campus system furnishes ETV to seven buildings with six channels, and includes distribution of two off-the-air channels. Distribution facilities are furnished by the telephone company.

South Carolina.—South Carolina State system: The ETV system now serves 68 schools; 46 with 1 channel and 22 with 3 channels. Plans have been made for

serving most of the schools in the State with six channels. At present this system involves 630 miles of microwave and 120 miles of coaxial cable and associated equipment furnished by a number of telephone companies throughout the State. This system will eventually involve the furnishing by telephone companies of 4,900 miles of microwave channels and 3,779 miles of coaxial distribution cable to serve 1,613 schools in the State. A pertinent quotation from "The South Carolina ETV Story" issued by the South Carolina Educational Television Center: "Full responsibility for transmission of lessons from the center to classrooms lies with telephone companies."

Consideration is being given to the inauguration of ETV by many other city, county, and State educational groups. The types of systems being considered involve closed circuit operation, broadcast operation, or possibly a combination of broadcast and closed circuit. The State of Kentucky has been considering ETV by the primary method of broadcast but will undoubtedly require distribution of off-the-air ETV to some schools where direct reception is not possible because of terrain conditions or distance from the broadcast stations. Recognition of the need of an antenna and distribution system in receiving off-the-air ETV broadcasts appears in the legislative history of Public Law 87-447, providing for Federal grants for ETV broadcasting (S. Rept. No. 67 on S. 205). It was pointed out that while three educational TV broadcasting stations in Alabama covered 80 percent of the State, further coverage to a portion of northwestern Alabama is provided through a community antenna system serving that area.

The statewide ETV system in South Carolina is now connected to two hospitals which obtain ETV service directly from the telephone company providing that portion of the ETV facilities in the area. Information from officials of the South Carolina Educational Television Center indicates that most of the hospitals in South Carolina will eventually be connected to the ETV system.

Senator HOLLAND. My understanding is that the service rendered by these cables is so expensive that there has to be some responsible assurance of the receipt of very heavy cable charges before any such investment could be justified; is that your understanding?

Mr. DELL. Yes, sir. In the case of REA, Senator, before we could finance anything of this kind we would have to make—which we do on all loans—extensive feasibility studies, and be assured that the revenue coming from the recipients of these services would be sufficient to pay off the loan, the operating costs and so on, that would be involved.

Senator HOLLAND. And the recipients would be confined to the educational institutions?

Mr. DELL. Yes, sir. That is our intention.

Senator HOLLAND. And the revenue assured would have to be the revenue assured by the school system?

Mr. DELL. Right.

Senator HOLLAND. Whether it be the public school system authorities or the private school system authorities.

Mr. DELL. Right.

Senator BOGGS. Mr. Chairman, the recipients wouldn't be confined, would they, to educational institutions or hospitals, it would be available to any user of the REA telephone service, wouldn't it, actually?

Mr. DELL. Well, our purpose would be, any financing we did on it, Senator Boggs, would be for the purpose—for educational purposes. Now, if you had people who—

Senator BOGGS. And that is for the CATV?

Mr. DELL. In any of this financing, this service would be available just for educational purposes. Now, if you had invalids or people in homes, they could receive it if they could pay the tab, that would be the problem.

Am I correct on that? I will ask Mr. Lynn.

Mr. LYNN. Yes. But I think you would find it rather prohibitive for individual subscribers in the rural areas whom the borrowers serve to be able to afford the cost.

Senator HOLLAND. Whether they would be able to afford that cost or not, under this act you would not be intending to afford individual service, would you?

Mr. DELL. No, sir.

Senator HOLLAND. Your understanding is that the act would not permit you to finance the installation of cables for individual service—or would it?

Mr. KOEBEL. If I may answer that, Mr. Chairman, I don't think the act would exclude that. I think our testimony is that as a practical matter it is not contemplated. And as I understand one of these systems, South Carolina being a typical one, if you analyze the feasibility of a loan based on these cables leading to the school system, the idea of extending the cable to a lone or individual rural resident would make that cost quite prohibitive. For that reason we say it is not contemplated.

Now, it is not excluded.

Mr. DELL. It is not excluded. But I don't think we could establish feasibility for it.

Senator BOGGS. It is only a matter of a little spur line cut-in, isn't it?

Mr. DELL. I don't know, Senator. You might have the school sitting here and a fellow that wanted TV 3 miles away. Well, somebody is going to have to put up \$15,000 to get it down there. And you can't amortize that \$15,000 when you take all the charges into consideration that go into it for a few dollars a month, it can't be done.

Am I stating it correctly?

Mr. LYNN. I believe so.

Senator HOLLAND. I am not insisting on anything at all, but it seems to me that your case would be strengthened if you limited yourself, either by the wording or by the legislative record, to the supplying of these loans for the purpose of piping in the service to the educational institutions, because it is not inconceivable that there would be a private service that would be requested, coupled with the willingness of people well able to pay, to pay very high charges, so that they could be included in it. And it is not my understanding that rural telephone service is supposed to envisage that kind of service at that kind of prices.

Mr. DELL. I agree with you completely, sir.

Senator HOLLAND. We have asked for certain additional information from you gentlemen.

Mr. DELL. We will furnish it promptly.

Senator HOLLAND. Let me say only for myself in closing, so long as the loans are confined to furnishing facilities for the transmission of educational programs to the educational institutions on contracts which clearly show a commitment for the payment of funds sufficient to retire the loans, I have no objection. When you go to the possibility of furnishing other more general service, I think the question is much more debatable.

Mr. DELL. I assure you that we in REA, in our support of this bill, only want to do what the ordinary commercial telephone com-

panies and the independents and the Bell Co.'s are able to do in giving complete telephone service to their areas.

We do not want, and REA does not expect to get into television or radio broadcasting or that sort of thing at all, we can't, and we don't want to.

Senator HOLLAND. I remember that earlier in the hearing you spoke about supplying cable service for shut-ins, hospitals, and the like. So I am going to ask you to include in your statement that you prepare, any showing that you have of furnishing the service by commercial companies in that type of case.

Mr. DELL. We will be glad to do it, sir.

(For the information above, see p. 16.)

Senator HOLLAND. Senator Boggs?

Senator BOGGS. That is all.

Senator HOLLAND. Thank you, sir.

I am going to call next out of order Mr. Robert D. L'Heureux, counsel for the National Community Television Association, NCTA.

You may proceed.

STATEMENT OF ROBERT D. L'HEUREUX, COUNSEL, NATIONAL COMMUNITY TELEVISION ASSOCIATION

Mr. L'HEUREUX. Mr. Chairman and Senator Boggs, I will make a very brief statement. I do not have a prepared statement. My name is Robert D. L'Heureux. I am counsel for the National Community Television Association.

Several of you will remember me as former chief counsel of the Senate Banking and Currency Committee of the Joint Committee on Defense Production, and of the Senate Commerce Committee.

The National Community Television Association, which I will refer to as NCTA, is an association of private businessmen, of course. It is a nonprofit national trade or industry association with offices at 535 Transportation Building, Washington, D.C. Its membership consists of persons or organizations operating community antenna television, which I will henceforth call CATV systems, or engaged in manufacturing or supplying community antenna components or related equipment.

Its current membership includes approximately 500 system owners and 20 manufacturers and suppliers.

NCTA, which is the only national industry organization to represent the interests of the CATV industry and the public which it serves, is affiliated with 17 regional and State community television associations, each of which is represented on the board of directors of the national association. The combined membership serves an estimated 90 percent of the total owners of television receivers in the United States who are subscribers to CATV services. Industry statistics will indicate that TV systems serve approximately 790,000 homes, or 1 out of every 60 television homes in the country.

NCTA from time to time undertakes to represent the CATV industry and the television viewers dependent upon it in industry and government proceedings of significance to CATV. In this connection NCTA has appeared before the Federal Communications Commission on several occasions, and has presented testimony and other evidence to interested congressional committees.

Now, our purpose in being here is to assure you that we believe 100 percent in the Poage amendment as he introduced it. We believe in the prepared statement presented by REA here this morning 100 percent. I believe that the Saylor amendment which they recommend taking out of the Poage amendment has introduced a lot of ambiguity in what is intended. I think I can show you from the discussion on the floor that what Representative Saylor intended to do or had discussed on the floor is not accomplished by his amendment.

He had discussed that he was afraid that after hours, for instance, after the television programs of an educational nature were over, these REA borrowers might want to go ahead and serve, continue serving the public. Well, actually there is nothing in the Saylor amendment that prevents that. And actually I don't think you can find a way of preventing that.

I was very pleased at your questions, both of you, Senator Holland and Senator Boggs, because your purpose apparently is the same as ours, to protect private industry, to prevent the Government from subsidizing private industry, one segment of private industry as against another. And in that we heartily concur. That is why we asked Congressman Poage to introduce this amendment pertaining to CATV.

The way H.R. 10708 was originally presented without the Poage amendment and even approved by the committee before we even heard about it—because usually the Agriculture Committee has nothing to do with community antenna television systems—it caught us unawares, we saw that this had to do with something about television. So I quickly got hold of a copy of it, read the hearings in the House, and then I asked Congressman Poage to protect our industry. And he was sincere, and he said, "We don't want to subsidize one part of private industry as against another. And we think that you are being fair"—in fact, I have a quotation here, which I won't pull out, where he said on the floor of the House, "You people have been fair in protecting yourself and still make an allowance for educational television."

Now, what is this all about? What the REA asked for here and what the House asked for—and it was protected through this Poage amendment—was authority to use REA funds to help a borrower, presumably a telephone borrower. But under the definition it might be argued that it could be a CATV operation that would be starting there in that area to furnish reception of educational programs, primarily for the schools, but it could be for hospitals or for shut-ins if you could commercially make it feasible for them to receive it. I think the intent through the House debate and the debate in this committee is adequate to show that the REA is not entitled to just finance new commercial enterprises such as CATV systems, but that borrowers from REA be allowed to use the master antenna system in order to get educational programs into these schools.

Now, that is their intent.

Now, I will, before I finish my statement, give you the language that I suggested to Congressman Poage, that if it hadn't been too late, and it hadn't already been on the floor, they could have put in their committee report to show that intent very clearly. And I will suggest it here and give it to you before I close my statement. But actually even if it depended only on this discussion here, I think the

REA's intent is clear. And representatives of REA and I had discussions immediately thereafter, at the suggestion of Vice Chairman Poage, that we talk to Frank Renshaw, of the REA, who was in charge of the Telephone Division. We talked to a representative of the National Telephone Cooperative Association, also. We talked to their executive director about our amendment. And he was in wholehearted approval of it.

In other words, the private CATV industry, roughly 90 percent of which our association represents, is not afraid of this amendment. We think REA's intent and the Congressional intent are right.

Now, why do we want to allow educational television for the schools? Because we feel that REA loans are available in communities of 1,500 or less. Frankly, there is perhaps only about one-seventh of our whole membership that is in communities of 1,500 or less. Most CATV systems are in larger cities, 10,000 or more, or somewhat larger than that. They are not in smaller communities. We have found that from a profit viewpoint we must have perhaps about 20 subscribers per mile in order to even meet our expenses and make a modest profit.

REA furnishes service, I think, to one to five subscribers a mile in these small areas. Normally, these telephone borrowers will not provide competition for regular CATV systems. We are convinced that they won't be. On the other hand, we did want the Poage amendment in there, so that if ever there are broadened definitions of what communities REA should serve, these borrowers would not get into competition with Government money with private enterprise.

Now, why did I say that the Saylor amendment will not carry out the purpose intended by this amendment to the law (H.R. 10708)? Note that a master antenna system—and with your permission, at the conclusion of my remarks I would like to introduce in your record a speech made by Chairman Oren Harris, of the House Interstate and Foreign Commerce Committee, just last week, where he explains fully what CATV is, what they do, what they don't do, how they serve the public. This will make it clear in your hearings just what is meant by the community antenna television business. And if you will allow me to do that, I will insert it, in the record, because you will have there, for the first time, perhaps on the Hill in a congressional hearing, a complete definition and explanation of what the CATV business is.

Senator HOLLAND. Without objection that may be inserted.
(The document referred to follows:)

TELEVISION TO THE HINTERLAND

(Address by Hon. Oren Harris, Chairman, Interstate and Foreign Commerce Committee of the House of Representatives of the United States, at the Shoreham Hotel, Washington, D.C., on June 19, 1962, to the National Community Television Association, VIP Luncheon, 11th Annual Convention)

Mr. President, chairman of the board, distinguished guests, needless to say, it gives me great pleasure to welcome such an enterprising group to our National Capital. It is my understanding that almost every State in the Union is represented here, as well as some of your Canadian members. Although as an industry, you are but 12 years old, no one will deny that you have reached an imposing stature and, like another who reached his 12th year, you have grown in wisdom and in grace.

GROWING RECOGNITION OF THE BENEFITS OF CATV

Twelve years ago, there were only a few community antenna systems in this country. Today, there are about 1,000 of them in 46 States and the Virgin Islands. You serve about 1½ million homes, or over 3½ million people. You are spreading into new areas from year to year. While most systems are small business enterprises in the true sense of the word, serving 1,000 subscribers or less, you are drawing the interest of large enterprises, such as the theatrical and broadcasting interests who are getting into the CATV business. The securities of some of your companies are listed on the stock exchange and bankers, investment houses, and brokers no longer look at you as an unknown quantity. CATV is a thriving business today and you present here were the pioneers who made it so.

Your contributions to educational television and other types of public service are well known. There are many grade schools and institutions of higher learning in many sections of the country which could not receive educational channels without your facilities. In many cases your channels are furnished gratuitously to the school systems of this Nation. I congratulate you.

Just about 1 month ago, on May 17, 1962, a bill, H.R. 10708, had been reported to the House by the Committee on Agriculture to amend a section of the Rural Electrification Act. Several Members of Congress were apprehensive that this bill might interfere with the development of community antenna cable systems. I was not surprised when the vice chairman of the committee, Mr. Poage, came up with an amendment which the NCTA had drafted. In answer to an inquiry whether this bill would injure CATV operators, Mr. Poage stated:

"We were requested by the association and not by the REA to use this language. It is the language of the people whom the gentleman fears are going to be injured—it is the language of the very people—and it is word for word and has not been changed, not even by a comma * * *."

Then Congressman Poage paid your association a high tribute. He stated:

"I believe these gentlemen are not only fair to their opponents, but I believe they are fair to themselves. I believe they have come in and asked for a reasonable limitation. As long as it seems to be a reasonable limitation, I for one—and I believe the House Committee on Agriculture—is disposed to try to grant any reasonable limitation."

I believe that as an industry you have been fair to yourselves, fair to your opponents, and you have been reasonable in your demands. This, more than anything else, has won you an accolade from the Congress, the public, and the courts.

You will forgive me if I define a community antenna television system, otherwise called a master antenna cable system, for the benefit of guests or reporters who are sometimes confused by the great variety of technical terms in the television industry.

DEFINITION OF CATV

According to the general understanding in the Congress, a community antenna is, as the term seems to imply, a master television receiving antenna erected and designed to serve a community, or such part thereof as is practical to serve, or as may have a requirement for service. It is technically and functionally analogous to the master antenna systems installed in apartment houses to permit service to part or all of the apartments, rooms, or suites by means of a single antenna system.

Generally, community antennas are found in areas where because of the interaction of topographic or geographic conditions, and technological and economic factors, reception of television signals by conventional antennas is either (1) non-existent, (2) of unsatisfactory quality, or (3) possible only with the aid of costly tall rooftop antennas placed on high elevations or other suitable locations.

Community antennas are capable of receiving the signals of more than one station simultaneously, they are designed and oriented, when installed, to receive the desired signals and to reject, as much as possible, the undesired channels. That is essentially the same function as is performed when a homeowner who erects a rooftop antenna purchases an antenna which has been designed and manufactured to give optimum reception on the channels he desires to receive and to reject signals of stations which might duplicate or interfere with those he prefers. Community antenna people do not alter, delete, or in any manner change the broadcast intelligence on the channels which they receive.

As the Federal Communications Commission and the courts have repeatedly decided, they do not broadcast, and they are not common carriers, such as telephone companies or telegraph companies. They are in the signal-receiving.

business. But enough of these technicalities. Let us look at the origins of this CATV industry, as it is popularly called. That is where the real romance of your industry is to be found. It matches the wonderful tales of the first Curtiss-Wright flight and earlier planes bound together with bailing wire and glue.

EARLY BEGINNINGS

The history of the community antenna industry reveals the development of an entirely new industry in the best American tradition. In the very early days of television only very limited service was available in metropolitan areas and virtually no service in rural areas and small cities and towns more than 50 miles from the few major metropolitan areas. The Federal Communications Commission had imposed a so-called freeze on the licensing of television stations because of technical problems. This freeze lasted for several years and would have restricted the benefits of this dramatic new medium of mass communications to a few privileged urban areas were it not for the ingenuity of the small American businessman and the insistent demand by the public for the pleasure and educational benefits of television throughout the hinterland.

There were no precedents for this industry. However, since a single antenna could serve a hotel or an apartment house, then why could it not be made to serve an entire community?

The idea did not generate with the large and powerful electronics corporations such as the RCA's, the General Electrics, and the Philcos. It developed with local radio and television dealers in small towns who sought some way of providing television signals to the public clamoring to purchase receivers. The first systems were indeed amateurish. They consisted of an antenna mounted on a pipe on the top of a hill; twin lead wire, such as connects any antenna to the television receiving set, extended from the antenna down the hillside and throughout the area services. It was supported by trees, fenceposts, corners of buildings and passed over alleys, backyards, etc. Inexpensive amplifiers, such as used in office intercommunications systems and available at most radio supply houses, were spaced at required intervals along the line. At times they worked surprisingly well, and at other times because of inexperienced operators and the fact that the equipment was not designed to meet the demands of an extensive antenna system, they were very poor.

The industry was born almost simultaneously on both coasts in 1949 and 1950. Recognizing the public need and demand in rural and fringe reception areas for television reception and for equipment designed to meet the rigors of outdoor operation, suppliers of electronic equipment began to experiment with a designed CATV amplifier and specialized equipment. The American public brought their demands to these people and insisted that they be met in the small cities and towns across the country. Many men and women with little or no training and with the limited advice available began to build and rebuild, making known their wants and frustrations to the equipment suppliers. The demands of this new industry resulted in the formation of new companies whose primary objective was to solve the problems of multichannel master-antenna reception for these small cities and towns. Established manufacturers were too busy with other problems to devote the time and resources necessary to start from scratch. As a result the dominating equipment suppliers in the CATV field today, 12 years from when the industry was first established, are still the companies which were organized to meet this demand. The industry has never been able to stand still. Development has been constant until today more than \$450 million has been invested in community antenna reception and the industry has caught the imagination of, and challenged some of the country's largest entertainment and financial organizations.

Essentially, however, the industry was born in smalltown America. It can take credit for its development and it still retains much of this original flavor. It is a real example of grassroots demand and development.

PROBLEMS OF CATV

As the CATV industry advanced in age, it encountered many problems. Cable operators found it difficult, at first, to obtain permission of telephone companies to string its cable along its poles. Power and other utilities cooperated, but telephone companies hesitated. Finally, they allowed CATV operators to use their poles, but many companies inserted all types of restrictive clauses in their contracts which tended to restrict the growth of the CATV industry. The con-

tracts were terminable upon 30 days' notice or 1 year, at most. I am informed that in the past year, most telephone companies have removed these restrictions and now grant contracts of 3 to 5 years' duration. Some have even made the term 15 years.

CATV operators incurred the wrath of a handful of local television broadcasters in a few single broadcast station communities. In fact, this led to demands from some of these small broadcasters for legislation to curb CATV systems or to place them within the control of the FCC. The Federal Government controls the whole field of radio and television as provided in the Communications Act of 1934. This exclusive Federal control was upheld by the Supreme Court in 1940 in the case of *Federal Communications Commission v. Pottsville Broadcasting Company*. However, while CATV is an adjunct of television, the Congress has granted jurisdiction to the FCC over CATV systems only with respect to the use of radiowaves. The FCC cannot regulate CATV as a common carrier.

The public interest issue in the controversy between a local television broadcast station and a CATV system in the same community has received much attention by the FCC and by the Congress.

As you know the issues were debated before a subcommittee of the Senate Interstate and Foreign Commerce Committee in 1959 and several bills to regulate CATV were introduced in the 86th Congress. No action was taken in the House and one bill got as far as the Senate but failed to pass and was recommitted to the Senate Commerce Committee. In this Congress, a bill (S. 1044) was introduced in the Senate, to control CATV, but no action has been taken on it thus far. I introduced a similar bill, H.R. 6840, at the request of the FCC, but no action has been taken by the House Commerce Committee or the subcommittee on it and none is contemplated at present.

In contrast to the unduly widespread scope of some of the earlier bills, the latest FCC proposal is designed to vest in the Commission authority to act only in those situations where local television stations are claimed to be in competition with community antenna television systems.

Of course, there has been a great improvement in CATV-broadcaster relations since these bills were introduced. I read in the trade press that at a recent meeting of your industry with FCC Commissioners and staff, it was pointed out that the communities where the CATV system did not carry the local television station could perhaps today be counted on the fingers of one hand. In view of the fact that there are well over 67 communities where a local station and a CATV system coexist, the problem can no longer be regarded as acute. By the same token, the old charge that the removal of rooftop or other antennas at the request of the subscriber, made it more difficult for the television station in the same community to be received, disappears as the cable carries this local station. The problem of attenuation of signals has almost disappeared as the improved state of the technology makes reception on the cable better than ever. Obviously, no community antenna operator would deliberately degrade a signal and make his service less attractive to his own subscriber. He would be working against his own pecuniary interests.

I am informed that an increasing number of CATV operators and broadcasters are working closely with each other to resolve their conflicts and establish a harmonious basis for each to render its respective service to their community in the public interests. Obviously, these agreements hold out some excellent promise that, the overall relationships between local broadcasters and CATV systems will improve still further.

Some cities or counties seem to be attempting to regulate television through insistence upon nonduplication agreements involving broad areas, such as grade A contours, etc. I thought this danger had been averted by a decision on June 4, 1959, by the U.S. district court, district of Minnesota, first division, enjoining a city in Minnesota from attempting to impose a nonduplication agreement upon a CATV system. I would expect that CATV operators will not permit a host of divergent and conflicting local regulations to spring up. The pertinent court decisions in these matters should be brought to the attention of the local authorities and their jurisdiction should be challenged in the courts, if necessary.

The temptation is great, of course, when vying with each other to obtain a local franchise, to accept such stipulation in order to win the coveted franchise. However, such restriction may plague you as an industry in the future.

Finally, there is one real threat which you presently face and this threat is that without the benefit of CATV legislation, the FCC may proceed to regulate CATV through their jurisdiction over microwave common carrier operations. The threat flows from the FCC's decision in the *Carter Mountain* case. That is the

case that denied a common carrier microwave company a license unless the CATV system which it intended to serve would agree to carry the local television programs and avoid duplication of its programs.

It is in this case that the FCC's Common Carrier Bureau filed a brief in which it characterized that decision of the FCC as "arbitrary and discriminatory."

The Common Carrier Bureau pointed out that while the Commission had ruled consistently that it did not have jurisdiction over CATV, the approach taken in the *Carter Mountain* case was a method of indirectly controlling the industry. The Common Carrier Bureau warned that the Commission's restrictions would have to "be applied to all common carriers, alike, across the board."

The brief then stated:

"Under the doctrine of this case, the FCC would be required to examine every telephone company application for extension of its facilities * * * to determine whether a grant of such application might afford undesirable service to a CATV system vis-a-vis a TV broadcaster. An interesting and logical extension of this philosophy would give the Commission the power to affect control of broadcast networks by the expedient of refusing to authorize use of common carrier facilities for the networks until some 'desirable' conditions have first been satisfied."

If the Common Carrier Bureau is right in its warning and conclusion, then this decision contains frightful implications which should give concern not only to your industry but also to telephone companies, broadcasters, and other businesses, too.

Since this case has been appealed to the courts, I will not comment on the merits of the Commission's decision. However, if upheld, the decision in this case will change the FCC's and the courts' previous holdings on the duties and obligations of common carriers. If the Commission's new interpretation is sustained, the Congress is likely to be asked to hold hearings and reexamine what should be the scope of the Commission's powers over common carriers. In the meantime, I would think the Commission is likely to adhere to its previously announced policies, until clear determination of its authority in this field is obtained from the courts.

CONCLUSION

Except for some of the legal problems confronting your industry, I believe that the CATV industry is facing a rosy future of fresh opportunities to continue to serve the public. Neither local broadcasters nor CATV operators stand much to gain from discord or from appeals for greater regulation or legislation. Controls are two-edged swords. They cut both ways. Legislation or regulation is seldom obtained in the form sought. That is why I commend broadcasters and CATV operators who have resolved their differences through amicable agreements. In fact, these agreements are a fine demonstration of operation in the public interest and again I want to congratulate you for it.

Mr. L'HEUREUX. The Poage amendment introduced at our request was very clear. But then in the discussion on the floor it was shown that Members of the House did not understand too much what the community antenna television business was. And some of them apparently had the idea that they were strictly closed circuit. And actually they are not. A master antenna is a high antenna usually placed on a mountaintop with a cable running into the city and wires running into each home. You have a number of channels on there. Originally, they could receive only two or three channels. Now they can receive up to 9, and it looks like very soon they will be able to receive up to 12 channels on that master antenna.

Now, any of those channels can be used for a closed circuit television. In other words, a master antenna can use its channels for closed circuit television. But it is not itself a closed circuit television. So when Congressman Saylor said, "Well, I want to limit this further to closed circuit" he did this, in my opinion—and in this respect I am not testifying for our association, because our association was satisfied with the Poage amendment and adopted it—as far as the Saylor amendment goes our association has not taken a position. The Saylor amendment restricts still more what REA can do.

But let me tell you why I, as a private citizen, think that the Saylor amendment militates against what you are trying to do here in Congress to help educational television, because through a master antenna system you receive off-the-air programs, it is reception, it is not programing, it is reception, you receive off-the-air programs. And the intent of this legislation is to have them receive off-the-air educational television or even regular television programs that would be of an educational nature. That can be done with a CATV system.

Mind you, for the next few years at least most of these rural areas that you are trying to serve will not be able to afford educational programs via a closed circuit system. They could be receiving off-the-air television signals with a master antenna cable system, and that was the REA's intent in introducing this amendment to the law, and it was Congressman Poage's idea. It was to allow them to receive this off-the-air discussion, say, of arithmetic, or geometry or space programs, and so forth. Now with the Saylor amendment it says you can only use that part of a master antenna that is called closed circuit.

Now, I can't believe even Representative Saylor intended to do that. But that is a possible interpretation of his amendment, which would thus restrict the beneficial effects of the legislation. That would mean that when you get wealthy enough in a large State like New York, or you organize your educational department with funds so that they can run a closed circuit, then you can have educational television. The crying need for these rural areas now is to have the benefit of these educational signals which are received by a CATV system from VHF or UHF educational television stations or the commercial stations.

So I concur in what the REA recommended here in its prepared statement of taking the Poage amendment to H.R. 10708 as he introduced it. The community antenna television industry does not fear it. It discussed it fully with the REA and with Congressman Poage. And we are sure that the Poage cannot be misinterpreted to pit private enterprise against private enterprise. And the Saylor amendment, I think, is a miscarriage of the original intent of H.R. 10708, because it would keep these rural educational institutions, primary schools or high schools, from receiving off-the-air educational programs which, both on commercial stations and primarily educational stations, are about the best in educational television today.

And that concludes my statement.

Senator HOLLAND. I want to ask you one more question. Are you familiar with what the commercial telephone companies are doing with reference to the installation of cables and receiving sets at their expense for the receiving and transmitting to schools of educational programs?

Mr. L'HEUREUX. Yes. I will answer this question and the prior question you asked. No telephone company to our knowledge runs a community antenna television system. We know of one community antenna television system owner who has an interest in a telephone company, but no telephone company operates a community antenna system. On the other hand, however, the telephone companies do operate closed circuit systems. They do in North Carolina, or South Carolina, where they have connected most of the schools—grade schools and high schools—into a fine educational network.

Senator HOLLAND. Is this North Carolina or South Carolina?

Mr. L'HEUREUX. I think it is South Carolina. I always get these Carolinas mixed up.

Senator HOLLAND. There is a good bit of difference.

Mr. L'HEUREUX. Pardon me. Let's correct that to South Carolina.

Senator HOLLAND. Each one of them will say that it is quite different from the other.

Mr. L'HEUREUX. That is right.

But that is the only statewide system that we know of. Witnesses this morning have discussed a system in Cumberland, Md., where they would do that. But mind you, the telephone companies do operate closed circuit systems. And our master antenna systems do serve the schools on a large scale. In fact, for your record, I will send a copy of a letter that our president sent to Chairman Minow of the FCC on a poll we have taken recently. And I couldn't give you the numbers from the top of my hat here, but something like 90 percent of those who answered our poll, and it was a good segment of your industry, said, yes, they furnished the schools a channel or channels now to receive educational television signals.

(The letter referred to above is as follows:)

WASHINGTON, D.C., January 30, 1962.

HON. NEWTON N. MINOW,
*Chairman, Federal Communications Commission,
Washington, D.C.*

DEAR CHAIRMAN MINOW: When I first advised you several months ago that this association would vigorously expand its activities in educational television, you asked to be kept informed of our progress. I am happy to report that the community antenna television industry has made unusual and significant strides in furthering this vital teaching tool throughout America.

As you know, in June 1961, the NCTA board of directors unanimously approved an industrywide program through which CATV operators could substantially increase educational opportunities for students and adults in the communities they serve. To implement and coordinate this program, a high-level policy and action group was established. Among its members are Dr. John Guy Fowlkes, a pioneer in radio-television teaching techniques at the University of Wisconsin; Archer Taylor, technical director of television at Montana State University; Loren Stone, eminent broadcaster-educator, and general manager of KCTS, University of Washington, Seattle, is an adviser to this council.

Because of the tremendous interest of educators, educational associations and State education officials in CATV's role in advancing ETV, an objective survey was undertaken in cooperation with the technological development project of the National Education Association. The National Association of Educational Broadcasters, with which NCTA affiliated as a sustaining member, joined interest in this survey, so that all could determine the immediate and long-range capabilities of CATV for broadening the scope of ETV. Basic elements of this survey included evaluation of reception from existing ETV stations; analysis of community needs for equipment and technical assistance in expanding in-school instruction and adult education; requirements for interschool connections; student and classroom census; extent of teacher training in TV techniques; and other data pertinent to the NEA project needs.

A summary of the survey, completed January 22, 1962, reveals these significant statistics:

Of the 78 reporting CATV systems now able to receive an ETV station, 72 (90 percent) are providing one or more ETV signals. These signals come from 23 ETV stations and the midwest program for airborne television instruction (MPATI) to 131,793 homes, 231 elementary and high schools, and 11 institutions of higher learning in 17 States. Many of these schools and colleges have been connected to the cable at no cost to the institutions, their boards, or communities, and in many instances the ETV signal is being brought in via leased microwave facilities.

In the near future, ETV will be available to an additional 40,000 homes, 174 elementary and high schools and 9 colleges through the facilities of 27 NCTA member systems installing equipment and leasing microwave (where needed) in order to pick up an adequate ETV signal.

When this latter group is fully operative, one out of every six CATV households will be able to enjoy the advantages of educational television. Compared to the ETV reception ratios in all but major urban centers, this is an impressive figure.

It is particularly gratifying to note that these advances in adult education and in-school instruction have been made in the more remote communities, perhaps the least developed of ETV's potential. For example, in the relatively small communities of Aberdeen and Hoquaim, Wash., and Keene and Claremont, N.H., local CATV systems enable school children to receive classroom instruction from two ETV stations on a full-time basis. That is more ETV than is available in the Nation's Capital and all but two major cities. A complete list of ETV stations with programs on CATV systems is enclosed.

Although the CATV industry is justifiably proud of its measurable contribution to the advancement of ETV, it is not resting on its laurels. It is not even pausing. Comprehensive guidelines for the intensive and extensive activation of ETV at local levels are now being completed by our association's ETV policy council. We expect our membership will be able to considerably accelerate their own programs with this "how-to" guidance from educators and ETV experts.

This year, 1962, will be another dramatic year of real ETV achievement for the CATV industry, and for Americans who have to rely on this unique service to keep them informed. You may count on my keeping you informed.

Best wishes to you and your associates to whom I know you will wish to pass copies of this personal report.

Cordially,

WILLIAM DALTON,
President, National Community Television Association, Inc.

Mr. L'HEUREUX. Most of them furnished it to these school systems. And permitting reception of educational signals is what REA is trying to do here. And in many respects they would be receiving that service for either nothing or at a very reasonable cost from a regular community antenna system if one were available in the area. But our community antenna systems do not operate generally in those remote areas, and that is why REA wants this new lending power. But our systems do make possible reception of educational signals by schools through their cables, and usually at no fee at all.

But there is a great future for the regular telephone companies in furnishing closed-circuit television. I think the phone companies—I do know that the phone companies have planned on trying to get a network through the whole country of their own operations, I know that A.T. & T. or Bell companies have plans, have written a report on that, where they are going to try to connect all the schools in the country, if possible, through closed-circuit systems.

When they do that, of course, there will be less need for this type of legislation. But this may take years. This bill is intended to bring educational television to your rural areas now. That is the purpose of H.R. 10708.

Senator HOLLAND. The purpose isn't to allow the REA telephone borrowers to furnish this service free?

Mr. L'HEUREUX. Not necessarily. But I say, the community antenna systems have in many areas furnished it free. Why? Because they have, say, nine channels. REA borrowers couldn't do it now. That is why they are asking for this legislation and use of the funds to set up this type of a system.

Senator HOLLAND. We are interested in what CATV is doing, but that isn't the thing that we are exploring here. We are exploring what is proposed to be done under this act. You don't understand that they proposed to furnish free service to the schools?

Mr. L'HEUREUX. No, they do not. In fact, perhaps they could not. And I would like to answer another question you asked.

Senator HOLLAND. You don't understand that they proposed to make loans unless the loans are feasible from the financial standpoint?

Mr. L'HEUREUX. That is right.

Senator HOLLAND. And unless revenue adequate to finance the liquidation of the cost is guaranteed?

Mr. L'HEUREUX. That is a requirement of the REA Act, they could not do that.

And I would like to answer another question you asked. You asked whether they could not set up a cable system with this, and later it could develop into a regular private enterprise. That is true. But the fact that eventually a system so set up could develop into a full fledged private enterprise no longer assisted by REA in this small community doesn't mean that the contrary is true, that the community shouldn't receive educational programs now. This bill is the only feasible way. And our industry sees no danger to it from this legislation with the Poage amendment which he introduced on the floor of the House.

Senator HOLLAND. I understood you to say a while ago that under this act as proposed a loan could be made to a CATV system to furnish this service to a school.

Mr. L'HEUREUX. Yes.

Senator HOLLAND. Under what provision of that act is that possible?

Mr. L'HEUREUX. You will find that the definition in the law redefines a telephone borrower. Under that definition it could be argued that a borrower could be a CATV system. On the other hand, Mr. Renshaw has stated to us, and I think the statement was made here this morning, that they intend it for their telephone borrowers. But the way that was written, it could be argued that a loan could be made to a CATV in the area for educational purposes primarily. And the language that we had suggested that they put into the report, if the bill had not already been reported to the House, was the following—and Congressman Poage had agreed to this language:

H.R. 10708 would exclude from the various types of communications services which REA could finance, community antenna television system service whereby television signals are made available for receipt and distribution for subscribers in a community through a master antenna cable system. However, the amendment would not exclude REA financing of a master antenna cable system intended primarily for the reception and distribution of closed circuit and off-the-air educational signals.

Now, the Saylor amendment would knock that "off the air" portion, if you leave the Saylor amendment in the bill you could not use that language which refers to "off the air."

Senator HOLLAND. I didn't understand up until right now that it was proposed by this act to finance the educational programs for CATV systems, as I understand, CATV systems operate not in rural communities, but in communities much larger than those covered by the limitations of the Rural Telephone Act.

Mr. L'HEUREUX. That is generally true, except, as I pointed out, perhaps about one-seventh of our membership operates in that small a community. And point No. 2, I think that it was the intent of the REA to make it available to their telephone borrowers, and they so stated.

But as a technical man, having been counsel to the committees here on the Hill, I think your counsel will want to look into the question whether the way it is defined here a borrowers could be a CATV system.

Senator HOLLAND. That would help differentiate between CATV that could be borrowers and CATV that couldn't be borrowers, wouldn't it, and permit those that were so fortunate as to be within the included class to get Government loans at much smaller rates of interest than the other CATV's could get?

Mr. L'HEUREUX. Yes. I doubt, however, that in order to obtain that valuable privilege, if it is one, of getting 2-percent loans, that they would be willing to move to that small area to get them. Generally, by and large CATV systems would not come under the provisions of the bill.

Senator HOLLAND. Would you have any objection to excluding entirely CATV loans from the purview of this act?

Mr. L'HEUREUX. From my point of view, I would have no objection. But you may have some NCTA members who would say, "Well, then, you are allowing a telephone borrower to get into the CATV business, to get started that way, and you don't allow a CATV man." What if in that area your telephone company does not want—you have an independent telephone company which is an REA borrower, and it doesn't want to set up this kind of a service for the schools, but some other group gets together, a cooperative or otherwise, and says, "Listen, we will set up a small community antenna primarily for getting these educational programs, we are willing to do that at cost, we hope that in time we can get other people—and as this community develops—to join, and then we can finance it ourselves."

So I don't know if it would be in the public interest. But I would say for our members generally, while we haven't proposed it to them, I feel that they would not object strongly to excluding a CATV system as such from the provisions of this bill, as REA loans to telephone borrowers, anyway. In fact, we find that CATV operators can get loans under the Small Business Administration Act, and that is generally sufficient. The whole question is, What are you going to do to rural education if you do this? That is your whole concern here.

Senator HOLLAND. Is Mr. Dell still here?

Mr. KOEBEL. No; he has had to leave, Mr. Chairman.

Senator HOLLAND. Let me ask the other gentlemen who were with him, Mr. Koebel, is it the intention of REA to qualify CATV's for loans under this act?

Mr. KOEBEL. We would consider that a provision in the existing law might make some question as to whether we would finance an organization engaged only in CATV. Our present law requires that we have our borrowers provide general telephone service for the area. So that is part of our reason for taking the position that we would be making loans for educational CATV only to borrowers otherwise providing general telephone service.

Senator HOLLAND. You would have no objection to the law itself or the report making that clear?

Mr. KOEBEL. I don't think so, Mr. Chairman.

Senator HOLLAND. Thank you.

Mr. L'HEUREUX. And I don't believe our members would have much objection to it either.

Senator HOLLAND. Thank you, Mr. L'Heureux.

The next witness is Mr. Angus McDonald, assistant director of legislative services, National Farmers Union.

Mr. McDonald.

**STATEMENT OF ANGUS McDONALD, ASSISTANT DIRECTOR,
LEGISLATIVE SERVICES, NATIONAL FARMERS UNION**

Mr. McDONALD. Mr. Chairman, due to an error in my office—we were under the impression the hearing was the first part of next week, and therefore I have no prepared statement for the committee. I would like to request, however, that a prepared statement be entered into the record and that the record be held open for a few days so that we can get a formal statement in.

Senator HOLLAND. Without objection that may be done.

Mr. McDONALD. Thank you, sir.

I am appearing here in complete support of this amendment which, as I understand it, broadens the definition of the areas that the Rural Electrification Administration can cover. As I understand it now, REA can participate in programing radio, but not by television. And while we would favor, of course, the strict adherence to the act and its original purposes to bring these services to farmers only, and those in small towns, we feel that this would carry forward that principle one step further, in bringing to these farm people the advantages of possibly television and the closed circuit system.

We feel that farm people, particularly those in remote areas, some of our farmers in the upper Missouri Basin, and upper Mississippi Valley, live many miles apart, and I happen to know that some of them now do not enjoy the benefits of television. Therefore we are appearing in complete support of this legislation; we think it is very timely, since the Senate has recently approved the bill, I believe the number is H.R. 8031, which increases the required number of channels in TV sets entering into interstate commerce. We were enthusiastic about that legislation, because we thought it would open up great possibilities for educational TV.

Mr. Chairman, thank you very much.

Senator HOLLAND. Let me understand clearly, are you supporting the extension of the educational TV service to your schools or to individuals?

Mr. McDONALD. We are supporting the educational TV to all of those which are now covered by the act.

Senator HOLLAND. If I understand the testimony of the officials of the REA, they have no such general purpose in supporting this act.

Mr. McDONALD. As I understand this legislation, it would not broaden the groups or individuals, schools and otherwise, to include those that are not now covered.

Senator HOLLAND. But the cost, as I understand it from them, is prohibitive, if you try to go into the matter of extending the cable service to individuals, because of the long distances and sparsity of customers, whereas there is no such difficulty when it comes to supplying the service to an institution like a school.

Mr. McDONALD. Well, I would feel we would be in principle in favor of such coverage, but my understanding was that this legislation did not broaden the number of groups or individuals that are now covered. I may be mistaken on that point.

Senator HOLLAND. You certainly are not mistaken in the fact that this doesn't broaden the group that can use it. But one of the purposes of this is to extend the educational service to educational institutions, as I understand the testimony of the representatives of the REA. And I don't understand that they have any intention of expecting loans to cover the putting in of cable service to individual subscribers because of the great cost that is involved, and because of the sparsity of the distribution of their customers in the rural areas which you mentioned.

Mr. McDONALD. Of course, I am not familiar with the technical aspects of what would be required to bring TV to rural people. My impression was that existing telephone systems could be utilized to pipe in these programs right into the home, where the wires were already there.

Senator HOLLAND. You mean your understanding was that you could use the same wires that were bringing in the telephone message to transmit the TV?

Mr. McDONALD. Yes, that was my thought.

Senator HOLLAND. Let's leave it this way. You are supporting this act insofar as it can go to meet the needs of the rural communities to get television, educational television service?

Mr. McDONALD. Yes, sir.

Senator HOLLAND. Thank you, sir.

Any questions, Senator Boggs?

Senator BOGGS. No, sir.

(Supplemental statement filed by Mr. McDonald is as follows:)

Mr. Chairman and members of the committee, I am submitting this statement in addition to the oral statement which was presented to the committee on June 29. Officials and members of the National Farmers Union feel that the expansion of the Rural Electrification Administration's authority which may help bring television service to those in rural areas is of great importance at the present time.

There is a possibility with the passage of H.R. 8031 that many educational programs will be broadcast throughout the United States. Therefore, we feel strongly that passage of this legislation is more timely and urgent than ever before.

The National Farmers Union not only supported the original legislation which authorized the Rural Telephone Act but worked closely with Senator Hill and others to bring about its passage. Passage of the act bringing telephone loans to rural cooperatives was a long up-hill fight and it came about after many years of pressure on members of Congress. It will be recalled that the REA Act was passed in the middle 1930's but the Rural Telephone Act did not become a law until 1949.

Farmers are in greater need of telephone, radio, and TV services than any other group because of their isolation and because the maintenance of an efficient farm unit and even life itself is in part dependent on rapid communication. Any legislation which expands or adds to present communication services is vitally important to farmers.

We, therefore, support this legislation without any qualifications whatsoever. We urge its speedy approval.

Senator HOLLAND. Mr. James L. Bass.

You may proceed, Mr. Bass.

STATEMENT OF JAMES L. BASS, PRESIDENT, NATIONAL TELEPHONE COOPERATIVE ASSOCIATION, CARTHAGE, TENN.

Mr. Bass. Mr. Chairman and members of the committee, my name is James L. Bass. I am president of the National Telephone Cooperative Association, the national service organization for telephone

cooperatives throughout the country. Membership is composed of nonprofit telephone cooperatives, providing modern dependable telephone service to rural America. With me is Mr. Robert E. Jamison, a member of the board of directors of the association. He is also the manager of the Horry Telephone Cooperative, Inc., Conway, S.C.

We support Senate bill No. 3001. Since the passage of the amendment to the REA Act in 1949, which made possible REA loans to finance modern telephone systems in rural America, more and wider demands have been added to telephone service. This is true in the urban as well as the rural areas. Some of these new demands include educational television, data transmission, telephotos, and others. Also, many new military and/or missile sites are being constructed in territory serviced by telephone cooperatives and commercial companies who obtain financing through the REA.

Language of the present REA Act limits the uses for which funds may be loaned by the REA to telephone borrowers. The proposed legislation amends the definition of "telephone service" and will permit borrowers to provide through REA financing many added services necessary to meet present day requirements of a rapidly expanding industry, so that such financing may extend to communication facilities for the transmission of sounds, signals, pictures and the like, as well as voice.

The proposed act does not change any other requirement respecting REA telephone loans, and retains without change the definition of rural areas, the requirement for full area coverage, and the prohibition of loans for telegraph facilities or radio broadcasting services or facilities, which also includes television broadcasting.

During House debate, a further exclusion was added to the two already appearing in the 1949 amendment. This deals with—

community antenna television system (CATV) services or facilities other than those intended for educational television purposes.

We believe this exclusion in no way detracts from the main purpose of the proposed legislation.

One immediate situation facing the industry is the expansion of educational television. It is becoming one of the more important tools in education, yet its real possibilities are still to be explored. So, in permitting REA borrowers to obtain funds for this purpose, you would be extending to them the opportunity to perform useful services already being provided by other segments of the telephone industry.

The proposed legislation will be of great benefit to all telephone borrowers obtaining financing through loans from the REA. These borrowers today represent a large and important segment of the telephone industry, and if they are to continue to furnish necessary services to their subscribers, they must be in a position to offer those services which a telephone utility normally offers, and which they are charged with the responsibility of providing in their certificated area of operation. Therefore, we feel this matter is of great importance, not only to our members, but to all REA borrowers and the people they serve.

Mr. Chairman and members of the committee, we of the National Telephone Cooperative Association appreciate very much the opportunity of being present, and being permitted to present these views on this matter.

Senator HOLLAND. Thank you, sir. Senator Boggs.

Senator BOGGS. I have no questions. I thought it was a very good statement, sir.

Senator HOLLAND. Mr. Bass, where are you from?

Mr. BASS. Carthage, Tenn.

Senator HOLLAND. That is a nice city. I know it. It is nice to see you, sir. Mr. Herbert Butler.

Mr. Butler, you may proceed.

STATEMENT OF HERBERT H. BUTLER, DIRECTOR, GOVERNMENT RELATIONS, UNITED STATES INDEPENDENT TELEPHONE ASSOCIATION

Mr. BUTLER. Mr. Chairman, my name is Herbert H. Butler. I am director, government relations, of the United States Independent Telephone Association, with headquarters in the Pennsylvania Building, 13th and Pennsylvania Avenue NW., Washington, D.C. Our association is the national trade organization of the independent segment of the telephone industry.

Our branch of the industry is made up of 3,035 companies serving 10,700 exchanges, with over 12 million telephones. It serves over half of the geographical area of the country and has more exchanges than the otherwise larger segment of the industry—the Bell System—which operates in the more densely populated areas. Of our 3,035 companies, only 1,010 serve more than a thousand, while the remaining 2,025 companies serve less than a thousand telephones. Included in the association's membership is a substantial number of REA borrowers, both commercial companies and cooperatives.

We are appearing here today in support of H.R. 10708 and S. 3001, essentially identical bills as introduced, the purpose of which is to amend section 203(a) of the Rural Electrification Act of 1936, as amended. Under the proposed legislation the term "telephone service" as used in the REA Act would be broadened to include educational television. At present under that act, telephone companies are restricted to loans for voice communication facilities. For this reason, telephone companies are unable to obtain REA loans with which to furnish the circuits and related equipment needed to help bring closed-circuit educational television to classrooms.

We are of the view that the objective of the legislation before you is a natural supplement to and logical extension of the normal communication function and public service responsibility of telephone common carriers.

The 36-man board of directors of our association by unanimous action on March 9, 1962, resolved that—

in the event an amendment to the REA Act is necessary to give the REA Administrator authority to make such (ETV) loans, the USITA supports such amendment for that purpose and that purpose only.

Educational TV is a rapidly expanding vehicle of public instruction. There exists today a deficiency of elementary and secondary classrooms and of public school teachers. It is generally acknowledged that this problem will become even more acute in the period 1965 to 1970. Congress recognized the gravity of the school problem and the inherent advantages of educational television when it passed

Public Law 87-447, which became effective May 1, 1962. This law authorized grants to States from \$32 million in Federal funds for educational television broadcasting facilities. None of those funds however, is available to telephone companies for the purposes contemplated by the Hill-Poage bill now before you.

As common carriers, telephone companies should and in some cases do provide transmission facilities for both interexchange and local distribution of closed-circuit educational television. The REA, however, under existing law does not have authority to make loans to bring such facilities into being. Use of telephone company facilities for educational TV purposes has definite advantages over other means of providing such service; namely:

(a) Closed-circuit educational TV conserves the frequency spectrum.

(b) In remote areas closed-circuit transmission is more reliable and satisfactory.

(c) Closed-circuit educational TV is more flexible.

(d) Short haul coaxial cable is more economical than microwave; that is, an estimated \$5,000 per mile for coaxial cable versus \$12,000 per mile for light route microwave. REA borrowers will be primarily involved in providing coaxial cable. Much of the cable supporting pole plant would be part of already constructed telephone plant.

Experiments in educational TV have proved highly satisfactory as a means of bringing instruction at a minimum of expense into the classroom. One of the pioneers in the educational TV movement is the State of South Carolina. This State-sponsored system visualizes ultimately 4,900 miles of microwave and 3,779 miles of coaxial cable. Some of our independent telephone companies and the local Bell company have been able to provide their portion of the network. But some small independents have not been able to provide such service because of unavailability of funds. It is desirable that telephone companies be permitted to borrow needed funds from the REA in order to participate in furnishing this very desirable public service, and in order thus to acquit their obligations as communication carriers.

We hope that your committee will recognize the gravity of the problem and give favorable consideration to the pending legislation.

Attached to this statement are two papers which may be of informational interest to you:

(1) "The Educational Television Field," by Thomas R. Warner, technical director, United States Independent Telephone Association, issued April 6, 1962.

(2) "Educational Television and the Independent Telephone Company," by Frank S. Barnes, Jr., vice president, Rock Hill Telephone Co., Rock Hill, S.C., an address delivered in Chicago on October 9, 1961, at the annual convention of the USITA.

I would invite attention to an apparent need for clarification in the language on page 2 of H.R. 10708. The language now reads:

* * * but shall not be deemed to mean telegraph services or facilities, or community antenna television system services or facilities [sic] such services and facilities shall be limited to closed circuit television operations other than those intended for educational purposes, or * * *.

The evolution of this language, which does not appear to exactly convey the intentions of the authors of the legislation, will be found

on page 7944 of the Congressional Record of May 17, covering the House debate. Congressman Poage, the author of the House bill, stated at that time:

This (amendment) leaves all of the limitations that are in existing law and specifically adds the further words that loans shall not include community antenna telephone (television) system services or facilities other than those intended for educational purposes.

We wish to express the hope that the needed clarification will be made and that the pending bill may be speeded to enactment.

Senator HOLLAND. What clarification is it that you suggest?

Mr. BUTLER. The clarification suggested by the REA would appear satisfactory. And that would be to strike out the words that Representative Saylor inserted and to continue with the words that Representative Poage—in other words, it would be the deletion on page 2, line 6, of the words “such services and facilities shall be limited to closed circuit television operations.”

Senator HOLLAND. Now, you represent what would be an important segment of borrowers under this new provision of the law in the event it were enacted, that is, the independent commercial operators, do you not?

Mr. BUTLER. We represent both, Senator; we represent roughly half of the borrowers, some 350 of the firms, of which roughly 300 are commercials, and 50 are cooperatives.

Senator HOLLAND. Now, is it your expectation that loans could only be made under this act, insofar as television transmission is concerned, for the furnishing of educational programs originating elsewhere to schools?

Mr. BUTLER. That is the current thinking. In other words, the Carolina system that we are talking about is limited strictly to schools.

Senator HOLLAND. Well, is it your understanding that this bill is limited to transmission of educational programs to schools?

Mr. BUTLER. Well, the wording, if it were left as recommended by the REA, and as you asked me just now, would be “community antenna television systems or services other than those intended for educational purposes.” So the words “educational purposes” would be controlling.

Senator HOLLAND. But that seems to include loans to community commercial CATV systems which would furnish educational services, they would seem to be included within the purview of the loans.

Mr. BUTLER. They could be under that wording, yes, sir.

Senator HOLLAND. Well, is that your understanding as to what is intended, or is it intended to limit the loans to firms that are furnishing general telephone communications, and that are borrowers under this act?

Mr. BUTLER. First, borrowers, under the act should be telephone companies as specified by the REA. Secondly, any service rendered under this amendment, I would think, would be for educational purposes. Now, if they could define educational purposes to “include institutions other than schools,” then conceivably it could so do.

Senator HOLLAND. That isn't my question. The question is whether the borrowers could be limited to those who would or should be limited, either would be under the act or should be under the act limited to firms that are in the telephone business, furnishing general

telephone communications service to the communities covered by this service.

Mr. BUTLER. I would hope so; yes, sir.

Senator HOLLAND. You don't want it to be extended to CATV systems that are not furnishing general telephone service?

Mr. BUTLER. I would answer I do not, sir.

Senator HOLLAND. Senator Boggs.

Senator BOGGS. No questions.

Mr. BUTLER. Could I conclude by reading two paragraphs out of the report of the President's Commission on National Education. I think it might give further light on the subject. In section 5 of "National Goals in Education," Dr. Garner makes this statement:

The educational use of television holds great promise, but this marvelous tool of communication is powerless in itself to improve education. It may be employed to good effect or foolishly. One of the challenges facing education by the 1960's is to learn to use it well. By 1970 every school in the Nation should be equipped for instruction by television. And the advantages and limitations of educational television should be universally understood. Properly used, television could bring superb lectures and other presentations to schoolchildren throughout the Nation. For example, demonstrations of scientific experiments of a quality that no single school in the Nation can now afford could be available to every school by 1970.

Senator HOLLAND. Thank you, sir.

(Attachments to statement of Mr. Butler follow:)

THE EDUCATIONAL TELEVISION FIELD

(By Thomas R. Warner, Technical Director, U.S. Independent Telephone Association)

(The purpose of this special report is to review developments in educational television and to provide independent telephone companies with a background for their possible future activity in this field.)

EDUCATIONAL TV IS NOT NEW

Educational television is not a new development just beginning to appear on the American scene. The present widespread interest in this field is an outgrowth of the increasing shortage in regular educational facilities as well as our long-time national objective of supplying the best possible education to the greatest number of people.

The use of television broadcasting for educational purposes (and of radio broadcasting before the perfection of TV) both locally and nationally has been with us for many years. The Nation's major commercial TV networks have allocated many hours of air time to the nationwide transmission of instructional programs. Many TV broadcast stations dedicated solely to the transmission of educational material have been licensed by the Federal Communications Commission and are in daily operation.

The use of closed circuit facilities to transmit the same instruction from a central location to several classrooms in the same building or to several buildings in the same community has been going on for sometime. At least one State, South Carolina, is progressing with a program which will make use of closed circuit facilities to supply the best possible instruction to all schools within the State. As a result other States are also investigating this approach to improvement in education.

SOME BASIC TERMS

ETV (educational television) is well understood in its broad connotation but much confusion arises when these letters are too loosely used to indicate how the task is accomplished. Before reviewing the ETV field more thoroughly, it would be wise to consider some basic distinctions and definitions for the purposes of this report.

Broadcast ETV (or ETV broadcasting) as used here means the distribution of educational material from a central source by transmission from a radio-TV

station through the air directly to any and all TV receivers capable of accepting the broadcast station's signals. Any wire circuits associated with this method would be similar to those used to supplement or augment regular radio and TV station operation—studio-to-transmitter lines, local pickup facilities, intercity network circuits, etc.

Closed circuit ETV means the distribution of educational material by transmission over a coaxial cable from a central originating location to only those receivers connected to the cable distribution system. For intercity transmission microwave radio facilities may be used in lieu of cable but there is no radio broadcast transmission directly to the receivers.

Educational use

Enrichment and training, as separate components of ETV, need to be understood. Enrichment refers to that part of the ETV output which would be beneficial to those receiving it while training refers to that part which is essential to or a requirement of those receiving it. As a further amplification, enrichment material would be of a type which might be degraded in quality of reception or from which portions might be skipped entirely without undue adverse effect upon the recipient. Training material, on the other hand, must be of the highest possible transmission quality and dependability so that no portion of the essential impact upon the recipient may be lost.

There are two broad areas of ETV contact also: Continuing education and basic formal instruction. These areas have different criteria in content, time, place, and purpose. Continuing education, for those who have completed their years of formal education and are embarked on their careers, calls for broad and mature program content touching upon many fields, available at times other than the normal daily work period and delivered to the individual at a place most convenient for him (generally in his home). In the majority of cases its purpose is one of enrichment. Basic formal instruction, primarily directed to those undergoing formal education, requires a program content which offers periods of required instruction or augments existing classroom teaching, available during regular school hours and delivered to the student's classroom. The usual purpose here is training first with enrichment second.

Technical facilities

The technical components of the ETV process can be divided into studio, distribution, and classroom facilities. Studio facilities embrace all the equipment required to transform the teaching process into a form suitable for electrical distribution. This would include studio classrooms, cameras, microphones, film scanners, video tape recorders, and all the properties and visual aids supporting the instruction.

Distribution facilities would include everything necessary to electrically transport programs from studio to receiver. In the broadcast ETV method this would be the regularly licensed transmitting equipment including antennas and, when more than one transmitter is being used the facilities connecting the studio to the transmitters. In the closed-circuit ETV method a distinction is made between the local circuits within a school district to which receiving equipment is connected directly and the intercity circuits connecting a central studio facility with two or more school district local circuits.

Classroom facilities covers the TV receivers needed to accept a broadcast ETV program, the receiving equipment associated with the local circuits of a closed-circuit ETV system and, in some plans under trial at present, a talk-back capability for individual classroom interrogation of a centrally located instructor.

PRESENT DEVELOPMENTS IN BROADCAST ETV

As individuals we can advance our knowledge and skill through reading, observation, practice, and contemplation. The best teaching, however, takes place when there is direct contact between a thoroughly prepared instructor and a receptive student. Some sources have estimated that there exists a shortage of over 130,000 teachers to meet today's needs. It has also been said that about half of all college graduates during the 1955-65 period would have to enter the teaching profession to fill the need. With an allowance for exaggeration in these figures and accepting some loss in direct contact between teacher and pupil, a great increase in the use of ETV seems evident.

There are more than 50 ETV broadcast stations on the air in 33 States at present. These stations fall into three categories: (1) Those which are State owned and operated, (2) those owned and operated as a part of an educational institution,

and (3) those owned and operated by nonprofit associations as community-sponsored projects. In addition, as previously pointed out, the commercial TV networks have provided time on their facilities for educational programs and in some cases educational institutions have worked directly with commercial TV stations.

The great advantage of broadcast ETV is its ability to directly disseminate its program to all TV receivers within its coverage area simultaneously and at no additional transmission expense other than the usual broadcast station costs of operation. It can reach every classroom in its area and make a classroom of every home equipped with a receiver. In the practical view it is superior to closed-circuit TV for continuing education and enrichment as it can place the program material in the home at the most desirable time and at the least cost to the supplier.

Limitations affecting broadcast ETV

However, there are also severe limitations acting upon broadcast ETV. Each ETV station can transmit only one TV program at a time. Each station requires a radio frequency allocation similar to those needed for commercial TV stations. Only a limited number of these channels are available for educational use and most of these are in the ultra-high-frequency (UHF) range. The geographical coverage of a UHF station is severely restricted particularly when compared to the coverage of a VHF station.

Since 1952 the FCC has reserved 92 VHF and 191 UHF TV channels for educational use. In the intervening 10 years, 41 VHF and 16 UHF educational TV stations have been established. Thus while some 45 percent of the VHF reservations are in service only 8 percent of the UHF have been used. Coverage is as important to broadcast ETV as it is to commercial TV. In an attempt to expand the service area a group of midwestern educational institutions have embarked on a program of airborne broadcast ETV. Using aircraft flying at some 23,000 feet they have expanded coverage to a 200-mile radius from the aircraft location.

To provide more than one subject per period scheduled, this airborne program operates two transmitters simultaneously giving the viewers a selection of two programs. The city of Pittsburgh, Pa., accomplishes this by operating on both a VHF and a UHF channel. However, multichannel broadcast operation can never be a complete solution due to the limited availability of channels.

Many of these limitations are or minor concern to the third category of stations mentioned earlier—the community supported nonprofit educational stations. The objective of placing excellent educational programming free of commercial influence into the homes of a community can be most economically achieved by broadcast techniques. The burden of good reception and technical excellence of receiver reproduction are responsibilities of the set owner and all the costs associated with reception are charged to the viewer.

Cost has an important bearing on the development of ETV. Broadcast ETV is attractive because there is no cost involved in the transmission medium itself—the atmosphere—although the cost for the transmitting facilities are not small. That part of the cost connected with reception is passed on to the ultimate viewer. As a means of lowering these station costs and thereby making the use of broadcast ETV more attractive the University of Utah conducted tests during the past year utilizing extremely low power (10 watt) UHF TV translator type transmitters to achieve local distribution. This project offers a potential for multichannel programming at a more reasonable cost although it would require some modification of existing FCC regulations and could ultimately encounter difficulties from the expansion of commercial UHF TV operations.

THE CLOSED-CIRCUIT ETV PICTURE

Closed-circuit facilities for ETV have also been used for the past several years. A primary limiting factor has been the cost of the coaxial distribution plant when compared with the cost of radio transmission facilities. There are a great many closed-circuit ETV systems in operation today although the greater part of these are restricted to within a single school or to oncampus systems at universities.

In the areas of basic formal instruction and training closed-circuit ETV offers features not readily or economically available through the broadcast method. Present-day coaxial cable development permits the simultaneous transmission of up to six separate instructional programs over the same cable. Every viewer connected to the system can receive the same quality of signal—the problems of fringe-area reception, shaded locations, ghosts, and external signal distortion

which confront the broadcast ETV method are not present. It is possible to incorporate high definition color TV with uniform quality of reception. It is also possible to provide a voice talkback or interrogation channel from the TV classrooms to the originating studio.

At Hagerstown, Md., for example, some 95 miles of cable were used to link 38 schools to a central location with 5 studios producing 25 lessons per day. In Cortland, N.Y., a two-way voice system was used which permitted instructors in the satellite classrooms to signal the TV teacher when a student had a question, broadcast the student's question in all classrooms for the benefit of the other students prior to the transmission of the answer by the teacher.

The South Carolina program

The most extensive development in the closed-circuit ETV field to date has taken place in South Carolina. There a preliminary survey indicated only 4 broadcast ETV stations were allocated to the State, each could generate only a single program channel, only 12 half-hour subject periods per schoolday could be provided, and these would not reach all the schools in the State. A further study indicated that even if 36 broadcast stations could be authorized, there would be only limited areas where 3-channel service could be made available to the schools.

In a preliminary survey of closed-circuit ETV, the State board of education found it could reach the 413 high schools in the State with 36 subjects at an annual cost of \$12.67 per pupil. This represented total cost and included teachers, technicians, studio equipment, receivers, and transmission facilities from the telephone companies. This was based on a three-channel system but could be expanded to four at little additional cost.

In a recent discussion of ETV on the floor of Congress, two Congressmen quoted a survey made by the Southern Regional Education Board which indicated the cost of conventional instruction in 300 colleges in 16 States ranged between \$12 and \$18 per student semester hour. This survey also estimated the cost of broadcast ETV at \$2.80 per student semester hour. If we assume two semesters per year and also consider three yearly subjects then this would reflect \$16.80 per pupil annually as compared to South Carolina's \$12.67. This might be an indication that, in meeting the teacher shortage in formal education and training, the closed-circuit approach may be the most economical to the taxpayer in the long run.

South Carolina is proceeding with its expansion plans for closed-circuit ETV. Both independent telephone companies and the Bell Associated Co. are co-operatively furnishing the distribution system. Studio equipment and classroom receivers are furnished by the State and local educational agencies. In the past year several other State agencies have taken a long look at the accomplishments in South Carolina.

CONGRESS LOOKS AT ETV

During several past sessions of Congress proposals for Government aid to educational TV (not to be confused with aid to education) have been advanced. Many of these passed the Senate but until this year always failed of passage in the House. Congressional preoccupation has been with broadcast ETV and at times these proposals, either deliberately or inadvertently, would have ruled out the application of Government funds to closed-circuit ETV.

In the 1st session of the 87th Congress the Senate passed and sent to the House S. 205. In the House, H.R. 132 was introduced in January 1961, reported out by the Committee on Interstate and Foreign Commerce August 21, 1961, and finally brought to the floor and passed, 337 to 68, on March 7, 1962. A conference committee must now consider these bills as they differ in several important aspects.

House and Senate versions on aid to ETV

The Senate bill provides for outright Federal construction grants limited to \$1 million per State for a possible total commitment of \$50 million. The House version limits the total to \$25 million on a 50-percent matching grant basis.

The House bill would provide some funds to assist States in making surveys and plans for State programs which would be eligible for these grants. No such provision is in the Senate bill.

Both bills limit the application of funds to the construction of facilities for broadcast ETV as opposed to costs of operation. The Senate version would permit the purchase of studio equipment for use with closed-circuit systems as well as broadcast. The original House version would have prohibited this but was amended through the efforts of Congressman Hemphill of South Carolina to read

"including apparatus which may be incidentally used for transmitting closed circuit television programs."

Both bills provide that the facilities will be used only for educational purposes. Administration of available funds including grants would be a responsibility of the Department of Health, Education, and Welfare. The licensing and regulation of broadcast operations would remain with the FCC.

AN INTERSTATE TARIFF IS FILED

Early developments in the closed circuit ETV were built upon special contracts as a tariff meeting the ETV situation completely did not exist. In November 1961 A.T. & T. filed tariff No. 253 with the FCC covering "channels for television transmission for use in educational television systems." The tariff became effective December 7, 1961. Some of the provisions in this tariff are worthy of note.

The tariff provides two classes of channel systems, (1) local distribution systems and (2) interexchange systems. A local distribution system consists of one to six channels within an exchange area between a signal source and receiving locations but may include facilities to provide service to a receiving area where the airline distance does not exceed 25 miles. An interexchange system consists of one to five channels between a signal source in one exchange area and a receiving location in another exchange area where the distance between the signal source and its receiving location exceeds 25 airline miles.

Channels are furnished in systems of one or more, each channel equipped for the transmission of the video and audio material of a single monochrome TV program, between the premises of the customer and authorized users, in one direction of transmission from signal source to receiving location and may not be used in any other direction of transmission. Special operation and supervision are not furnished. Systems are furnished on a 24-hour-per-day, 7-days-per-week for a minimum period of 1 month.

Customer facilities and interconnection

Station facilities are furnished by the customer and would include video cameras, microphones, consoles, monitors, and like studio equipment, the television viewers and antennas to pick up any broadcast material.

The tariff also provides for interconnection. The customer may interconnect at his premises channels secured under this tariff with, among others, TV channels operating on broadcast frequencies as well as local and interexchange educational television distribution systems provided by the customer. These connections may be made provided they are made at locations where program material is used for TV viewing or transmission over educational facilities and where the customer has adequate personnel and equipment for testing with the telephone company, provided that the customer's facilities work satisfactorily with the telephone company channels and provided that the telephone company's responsibility for transmission is limited to the channel facilities it furnishes.

A rate example from the tariff

Rates are based on local channels on the same premises, local channels to separate premises, interexchange channels, channel input and output equipment, outlets, and certain additional arrangements. As an example of the scale used the monthly rate for the first local distribution channel between separate premises is \$15 per one-fourth mile per month, the second channel is \$5, the third and fourth \$3 each, and the fifth and sixth \$2 each with a minimum charge of \$15.

HOW ETV SYSTEMS OPERATE

The studio facilities required for the originating of educational material are, for the most part, identical whether the broadcast or closed-circuit method is used. In fact a single studio could furnish the same material to both types simultaneously. There will be a need for facilities for "live" programing under practically all circumstances. However, the use of video tape will probably be the mainstay of this service. It permits the retention and repeated showing of essential basic instruction and is easily edited for maximum accuracy and effectiveness of program material. It can be readily transported between studio facilities so that original presentations by the Nation's outstanding experts in their fields can be made available to all at times most convenient to the local system's schedule. Finally, "living history" such as the orbital flight of Colonel Glenn can be repeated for succeeding classes and viewers.

Reception facilities vary somewhat between the broadcast and the closed-circuit ETV systems. In the broadcast ETV method a conventional VHF and/or UHF TV receiver is used. This receiver must have a receiving antenna system and the more marginal the received signal the more complex and efficient the antenna system required including height of the antenna structure. In the closed-circuit ETV method all viewers, while they are essentially the same as TV receivers, receive the same signal level from the distribution system. This, in part, accounts for the more uniformly dependable programing in a closed-circuit system.

The telephone company's prime interest and the extent of its participation in the ETV field are found in the method of distribution. The studio and viewing facilities will almost invariably be customer or privately owned.

Distribution facilities in the broadcast system

Consider first the distribution in the broadcast ETV method. A radio transmitter generating video and audio signals (TV as we popularly call it) sends the studio material through the atmosphere to the receiver. This equipment is customer owned. In a single station system telephone company service is likely to be limited to studio-to-transmitter and local program channel facilities when furnished by wire or cable. Provisions exist in the FCC rules which would permit the ETV broadcaster to own his own equipment for this purpose if it could be accomplished by the use of radio frequencies.

In multistation broadcast ETV operation there is an added requirement for the interconnection of stations which, in most instances, requires the use of intercity circuits of some type. These circuits can be furnished by the telephone industry by coaxial cable or by microwave facilities. Again, provisions in the FCC rules make it possible for the ETV agency itself to own and operate intercity microwave facilities. In the bills before Congress the funds proposed could be used for the microwave equipment necessary to interconnect the stations used for ETV broadcasting.

In summary, then, in the broadcast ETV system, the telephone industry might be called upon for studio-to-transmitter, local pickup and intercity circuits but it would also be possible for the potential customer, the ETV agency, to own and operate the entire system.

Distribution facilities in the closed-circuit system

In the closed-circuit ETV method local distribution is made by coaxial cable to which the viewers are connected. Where only one building or an on-campus situation exists the ETV agency may own the cable facility or it may obtain service from the telephone company. Where local distribution to scattered locations within a school district or city is considered the telephone company facility is the usual method.

The interconnection of several local systems with a central programing source normally calls for intercity facilities. These can be supplied by the telephone industry through the use of coaxial cable or microwaves. A word of caution is indicated here. In 1960 the FCC adopted an amendment to part 11 of its rules and regulations governing the industrial radio services and, under "Subpart L—Business Radio Service," makes the frequency band 6575–6875 megacycles available "for intercity closed-circuit television systems. Such authorizations will be granted on a case-by-case basis, and applicants must furnish complete and specific factual data showing wherein, apart from economic considerations, it is not feasible to utilize frequencies above 10,550 megacycles for such operations." The applicant in this instance, and any applicants for 10,550 megacycles, would be the potential customer, the ETV agency.

The language of both bills before Congress would appear to prohibit the authorization of any funds for the construction of microwave facilities if they were to be used in connection with closed-circuit ETV operations only.

THE REA AND ETV

With an increasing use of ETV to combat teacher shortages and to improve uniformly the quality of teaching more of the Nation's rural areas will be brought into the program. Thus telephone companies who have obtained financing through the Rural Electrification Administration will turn to that agency for such financial assistance as they may need in the furnishing of service to the ETV field.

Late in 1961 such a request was explored with the REA in connection with the proposed furnishing of closed-circuit facilities which would be a part of the South

Carolina program. A review and interpretation of the language used in the applicable sections of the Rural Electrification Act resulted in a determination by the REA that it did not possess authority to make loans covering facilities to be used for closed-circuit ETV purposes. Thus, section 203(a) of the act reads "the term 'telephone service' shall be deemed to mean any communications service *whereby voice communication* through the use of electricity between the transmitting and receiving apparatus *is the principal intended use thereof*," etc. [Italic supplied.]

To correct this situation Congressman Poage introduced H.R. 10708 in the House of Representatives, March 13, 1962. This bill would broaden the term "telephone service" to mean "any communication service *for the transmission of voice, sounds, signals, pictures, writing or signs of all kinds* through the use of electricity between the transmitting and receiving apparatus," etc. [Italic indicates changed language.] The restrictive phrase, "principal intended use thereof," would be omitted in this amended version.

This amendment, if adopted, will apparently clear the air regarding REA authority to make loans for closed-circuit ETV. It goes far beyond this. It seems likely that the broadened definition would cover any type of video transmission facility supplied for broadcast ETV, commercial television circuitry, and a number of other forms of communications service much more sophisticated than voice communication including facsimile and data transmission.

A similar bill, S. 3001, was introduced in the Senate by Senator Hill of Alabama. At the time of this writing the Senate bill was in committee. The House bill had been considered by the Agriculture Committee and, on March 22, 1962, reported to the House without amendment.

IN CONCLUSION—OUR PART IN THE PICTURE

It appears to me we are here considering two broad programs which occasionally overlap—adult or continuing education as one part of our national objective and improved formal classrooms training as another. As I have indicated, I believe the broadcast ETV method best meets the continuing education need and closed-circuit ETV the formal classroom training. Neither system, however, can be reserved to only its best use. Thus broadcast ETV can, within its limitations of service area and frequency allocation, furnish much service to the formal classroom program. In a like manner closed-circuit ETV facilities could be programed during evening hours to aid "night school" training and the worker retraining programs now under consideration by our Government.

Service for both systems

In the independent telephone industry we are apt to feel the impact of both approaches. We may be called upon to furnish the normal auxiliary services required by broadcasting—the studio-to-transmitter and interexchange network facilities. We may also be called upon to furnish the local and interexchange coaxial cable facilities for closed-circuit operation.

As has been pointed out, the congressional approach has been to foster the broadcast ETV method through Federal grants for this purpose. Right now we seem to be awaiting only to find out how much, when and to whom. It seems safe to assume there will be early activity in the progress of this method and many States will expand their programs and attempt to reach the greatest percentage of the rural area possible by broadcast systems.

However, the shortage of teachers and the deficiency in quality of teaching will be most acutely felt in the more rural areas for some time to come. To meet these critical deficiencies, many States may turn to closed-circuit ETV systems whether Federal grants are available or not. If we accept the figures presented in congressional debate and the survey figures of the State of South Carolina as indicators then multichannel closed-circuit facilities may be the most economical. Multichannel programming will certainly be needed to combat these shortages.

Investment—Rates—Territorial integrity

The initial investment in closed-circuit facilities is not likely to be modest if maximum service to the schools in any school district is proposed. However, this type of service is one which the telephone company common carriers are best able to furnish and maintain at the levels of dependability needed for most effective instruction. It is, from the traditional telephone view a unique service for a telephone company to offer. Once installed, however, closed-circuit ETV systems should be long-term operations.

The rate structure developed by telephone companies for educational TV services should be carefully worked out. It appears they will have to be competitive to some degree. The customer has many avenues of approach to the problem. There exists the basic choice between broadcast and closed-circuit ETV. In addition he has wide latitude in the choice of facilities to be owned or leased. The present A.T. & T. tariff filing with the FCC permits the interconnection of customer channels with telephone company furnished educational TV channels.

Moreover, our companies should seriously consider furnishing this service, even if marginal, to protect the integrity of their operations as communications common carriers. It is quite obvious that our potential customers are in a position to meet many of their service needs through the installation of their own facilities (which could duplicate existing or planned telephone facilities). Not so obvious is a possible invasion of this area of service by specialized radio common carriers of private business enterprise. In the community antenna TV field (CATV) we have already witnessed the licensing by the FCC of specialized radio communications common carriers in the 6000 megacycle microwave region. Unbiased thinking should indicate that if ETV can help resolve the serious educational problem confronting our Nation, then ways will be found to use either or both methods to the maximum.

The greatest cost variables take place when considering the method of distribution. Here is where care should be taken to make sure the most accurate comparisons possible are made. A broadcast station can distribute only one program at a time. Present closed-circuit facilities can handle six simultaneous programs locally and five on intercity circuits. Whenever multichannel operation is being considered, multiple broadcast station installations should also be included for proper comparisons.

Experts in the field of radio transmission will be presenting facts and figures supporting the use of broadcast facilities. As an expert in the broad field of communications, the telephone company can provide much assistance to educators so they may be able to evaluate the community's needs in this specialized area of communications and secure as much service-per-dollar as possible for the taxpayer.

In summary we would suggest that independent telephone companies survey this field and its possible impact upon them in some depth. How extensive would be the service problem to schools in your area? What will be the minimum needs of these schools? What plans are under study by your local, county, or State educators? Will broadcast ETV meet these plans or will closed-circuit ETV be used?

U.S. INDEPENDENT TELEPHONE ASSOCIATION 64TH ANNUAL CONVENTION,
CHICAGO, ILL.

ENGINEERING CONFERENCE, OCTOBER 9, 1961

EDUCATIONAL TELEVISION AND THE INDEPENDENT TELEPHONE COMPANY

(By Frank S. Barnes, Jr., vice president, Rock Hill Telephone Co.,
Rock Hill, S.C.)

There is an article in the September 2 issue of the Saturday Evening Post entitled "Education Out of the Blue." This article praises in glowing terms the accomplishments and potentials of the educational television instruction being made available in the Midwest. It describes the detailed preparation of each lesson and its subsequent presentation using the very best teaching aids by a highly skilled teacher in front of television cameras. Instead of being transmitted live at the exact classroom hour desired however, it is recorded on video tape for subsequent transmission. These tapes are then held and used at the time the lesson is desired. The tapes may also be stored and used repeatedly year after year until new developments and techniques make new lessons desirable. With taped instead of live lessons, it is possible to reach near perfection with planning, rehearsing, checking for content and effectiveness, and taping and retaping until the teacher is entirely satisfied with the results. When the day arrives for transmission of the lesson to the schoolroom the tapes to be used that day are loaded aboard a four-engine airplane equipped with a television transmitter. The lessons are then broadcast from an altitude of 23,000 feet while the plane circles in a controlled pattern. The broadcast is in the ultrahigh frequency range which will not interfere with commercial ground stations. The schools participating in

the program are equipped with television sets modified to receive the ultrahigh frequency. A lesson for high school level is usually 30 minutes long and for elementary 20 minutes. After each TV lesson the classroom teacher, who is always present and in control of the class, follows up on the TV instruction.

There is no magic to television instruction. Actually, it is no more than another tool in the classroom teacher's kit. In this respect it is like a textbook or a wall chart or a classroom movie. In no sense will it replace the classroom teacher. It is not claimed to reduce the overall cost of public education though some supporters are convinced it has this potential. It is claimed, however, to increase the quality at about the same or slightly higher cost.

You probably are thinking, well, all this is fine, but what does it mean for the telephone industry and the independent telephone company in particular. Recently an industry group which has been extensively studying the ETV experiments pointed out that just as the telephone industry had a key role in helping the growth of commercial television, it is in a position to adapt its experience to the particular needs of educational television and foster the growth of this essential new public service. They further conclude that in order for the telephone industry to meet the broad requirements for ETV, it is important that independent telephone companies join in the ETV service offering whenever a demand for this service exists in their territories. At the present time there are 219 ETV systems in operation in this country. In only seven of these are the telephone companies at present furnishing any portion of the facilities.

Now one of the big jobs in any ETV program is the transmission of the picture and sound from the studio to that TV set in the classroom. There are two approaches to this job. One is referred to as "open circuit" transmission, and the other "closed circuit." In the "open circuit" method the ETV signal is broadcast from a television transmitter or transmitters operating primarily on frequencies in the ultrahigh frequency channels (above regular VHF channels 2-13). One of the difficulties of this method of transmission is coverage since the signal carries only a few miles from the transmitter. In the Midwest experiment this has been overcome by using the airplane. Coverage has increased, but other problems are present such as operation in bad weather, the limitation on the number of lessons which can be transmitted simultaneously, the difficulty of live telecasting when desirable, the inability to direct a particular program or transmission to selected sets, and the possibility of interference to the picture.

In contrast, the "closed circuit" method avoids these difficulties. The ETV signal is carried from the studio to the television set in the classroom by microwave radio relay, coaxial cable, or a combination of these mediums. The chart in figure 1 shows a typical arrangement using telephone company facilities. In this illustration the ETV signal is picked up at the studio and carried on coaxial cable to the telephone company building. At this point it is put on microwave and transmitted to other communities. In the receiving community the signal is converted back to VHF frequencies and transmitted over a single tube coaxial cable to the school. It is delivered to the classroom set at VHF frequencies (channels 2-13) without the use and licensing of a broadcast frequency. Using VHF frequencies permits the use of regular television receivers without the necessity of modification.

Both open and closed circuit ETV are being used and tried. The telephone industry has helped with a number of the closed circuit networks by providing the transmission channels between the central studio and the schools. The largest of these systems at present is the network operated by the ETV commission in South Carolina. This network is being furnished by the joint effort of Southern Bell and the independents.

ETV in South Carolina had its beginning in the fall of 1958. A study committee of the State legislature in March had recommended that a 2-year experiment be undertaken to determine the value of ETV to the public school system of the State. The legislature approved this report and appropriated \$65,000 for the first year. A studio was set up in Dreher High School in Columbia, the State capital, and lessons in plane geometry and French were transmitted to classrooms in this school over a closed circuit within the school.

In planning for the second year of the experiment the results of the first year were discussed with the legislative committee in January 1959. It was agreed that information was needed from the results in more than one school. A decision was made to investigate the cost of extending this experiment to other high schools in the city. Southern Bell, who operates in Columbia, was approached by the supervisory committee for assistance in furnishing the transmission facilities between the studio in Dreher High School and the other high schools. A plan

was worked out using coaxial cable and the legislature appropriated \$100,000 to proceed with the second year of operation which would add four high schools on a closed circuit network furnished by Southern Bell. Figure 2 shows the grouping of these schools in relation to the telephone office and the cable layout. During 1959 and 1960 first year algebra was added as a third course to the geometry and French taught the previous year.

Sufficient results were obtained from the experiment in the five high schools in Columbia for recommendation to the legislature that the experiment be extended to a larger area than Columbia and a structural authority on the State level be set up for direction of the experiment for 5 years.

Those in charge of the program began studying ways in which the experiment could be extended into a larger area. It was determined that if statewide coverage transmitting complete subject material was to be achieved in South Carolina, the three UHF and one VHF television broadcast channels allocated to educational use would not be sufficient. This was further borne out by the fact that coverage of these four stations was only partial over the State area and multi-channel operation through this medium would be virtually impossible. In figure 3 the map prepared by the ETV commission shows the coverage which would result from 36 broadcast stations strategically located throughout the State. You will note that there are only limited locations where three-channel operation would be possible. These stations would be very costly in investment and operation. In addition to the stations' cost there would be the cost of interconnecting facilities to tie all of them together. After carefully considering all of these facts it appeared that "closed circuit" transmission was the answer since the flexibility and capacity of such a system is virtually unlimited.

Faced with this information, the group approached Southern Bell about expanding the closed circuit system into other cities in the State. Southern Bell was able to work out a plan of providing the interexchange channels by microwave radio relay using spare channels, protection channels, and installing new channels on their recently developed microwave radio relay message system. The links between the microwave terminals and the schools would be provided by the installation of coaxial cable. This initial network to nine communities in widely separated sections of the State is shown on the map in figure 4. It included both Bell and independent areas.

In 1960 the legislature authorized the necessary appropriation for this network and in addition an ETV commission to direct the program. An order was received on June 30 from the new commission to extend the network to these nine communities. By extra special effort the network was placed into service in September 1960 in time for the start of school. With the inauguration of this service, the South Carolina educational television program became unique in at least two respects. It was the only "closed circuit" statewide network and it was the first such network to utilize 100 percent video taped operation.

At this point in the development of the network a representative of the South Carolina Independent Telephone Association began attending the weekly meetings of the industry group with the ETV commission staff to help coordinate, guide and develop the participation of the independents. In addition to this representative, the chairman of the Transmission and Communications Improvement Committee of the South Carolina Independent Telephone Association met with the group to assist with the technical problems involving the independents.

As the ETV program reached these other communities, a great deal of support and interest on the part of additional communities developed. Requests poured in to extend the network into these communities. In November of 1960 9 more schools were added and in January of this year 4 more bringing the total to 26 schools in 15 communities.

The final addition to the network for the school year 1960-61 was made with the connection of the new Cardinal Newman Catholic High School in Columbia on May 1, 1961. This is significant since part of the ETV commission policy is to make televised instruction available to private schools, groups, or individuals as well as to the public school system as long as no additional cost to the commission is involved.

The 1961 legislature confirming its confidence in the program appropriated additional funds to provide further extension of the State system for this school year. The extension as planned in May of this year for September 1 service date included 56 schools in 25 communities. These are shown on the map in figure 5. Since May the number has been increased to 65 schools in 21 of the 46 counties. This network now extends over 630 miles of microwave and 112 miles of coaxial cable.

At present three-channel operation is being used within the Columbia network to obtain experience for multichannel operation on the Statewide network. Here again one of the advantages of this closed-circuit method should be pointed out. It was possible to go to three-channel operation over the coaxial cable network in Columbia without adding additional equipment—the cable repeaters and the cable are a broadband facility with sufficient band width to easily carry the three channels and more. Open circuit, on the other hand, would have required two additional transmitters and frequency assignment from the FCC.

The ultimate aim of the South Carolina Department of Education is to reach all 1,249 elementary and high schools of the State with four channels. In order that the legislature would have the information on the cost of reaching these schools, all telephone companies in the State cooperatively prepared provisional estimates for the four-channel system. These estimates were completed in record time early this year and found to involve 4,900 miles of microwave channels and 3,779 miles of coaxial distribution cable. The layout on which the estimate was based is shown on the map in figure 6. It is expected that some changes in the routings may be found desirable as improvements in equipment designs and fuller use of the network make other arrangements desirable.

An intermediate step in the ultimate plan is to reach all high schools. The cost to the State of reaching the 413 high schools in South Carolina with three channels of regular daily subjects was found to amount to \$3,800,000 annually. This cost included the TV teachers, technicians, studio and equipment, receiving sets in the schools, and transmission by the telephone companies—everything. It would involve the finest teachers on 36 high school subjects taken by television to every classroom in the State at a per-pupil cost of only \$12.67 annually.

In January of this year the network made it possible for students to see addresses by two nationally prominent men to a gathering of legislators, educators, and business leaders of South Carolina. These men were space expert Dr. Wernher von Braun and Dr. Alvin C. Eurich, vice president of the Ford Foundation. Dr. Eurich's commentary on the South Carolina ETV program included, "You have one of the most remarkable educational television programs in the country."

Let us now examine how this closed circuit approach to ETV will affect the independent company engineeringwise. The facilities selected to meet ETV requirements must be those that will be best fitted to it both technically and economically. The systems supplied by other sources are designed, community by community, to meet specific needs. To make a comparable service offering, the telephone industry ETV services must be stripped down to the essentials. This calls for systems to be specially constructed for ETV similar to the manner in which customers might construct the facilities for themselves. In some instances use may be made of portions of these ETV systems for other services. Where the economies are apparent, use may also be made of common plant for ETV. As was stated earlier and as shown on the typical layout in figure 1 there are two means of transmission in the closed circuit. These are microwave radio relay and repeated coaxial cable. The microwave facility involves a frequency assignment from the Federal Communications Commission for each microwave transmitter required. Only one transmitter and one receiver are required at each microwave repeater point as transmission is only in one direction; however, each additional channel requires another transmitter and receiver. Where the microwave facility terminates and only a receiver is used, FCC authority is not required. The picture in figure 7 shows a microwave repeater installation with the ETV transmitter and receiver alongside a message system repeater. The two bays on the right contain the ETV transmitter and receiver. The other two bays contain the repeater equipment for the toll message circuit. Transmission considerations of the present equipment limit the light route microwave systems to about seven or eight repeater sections.

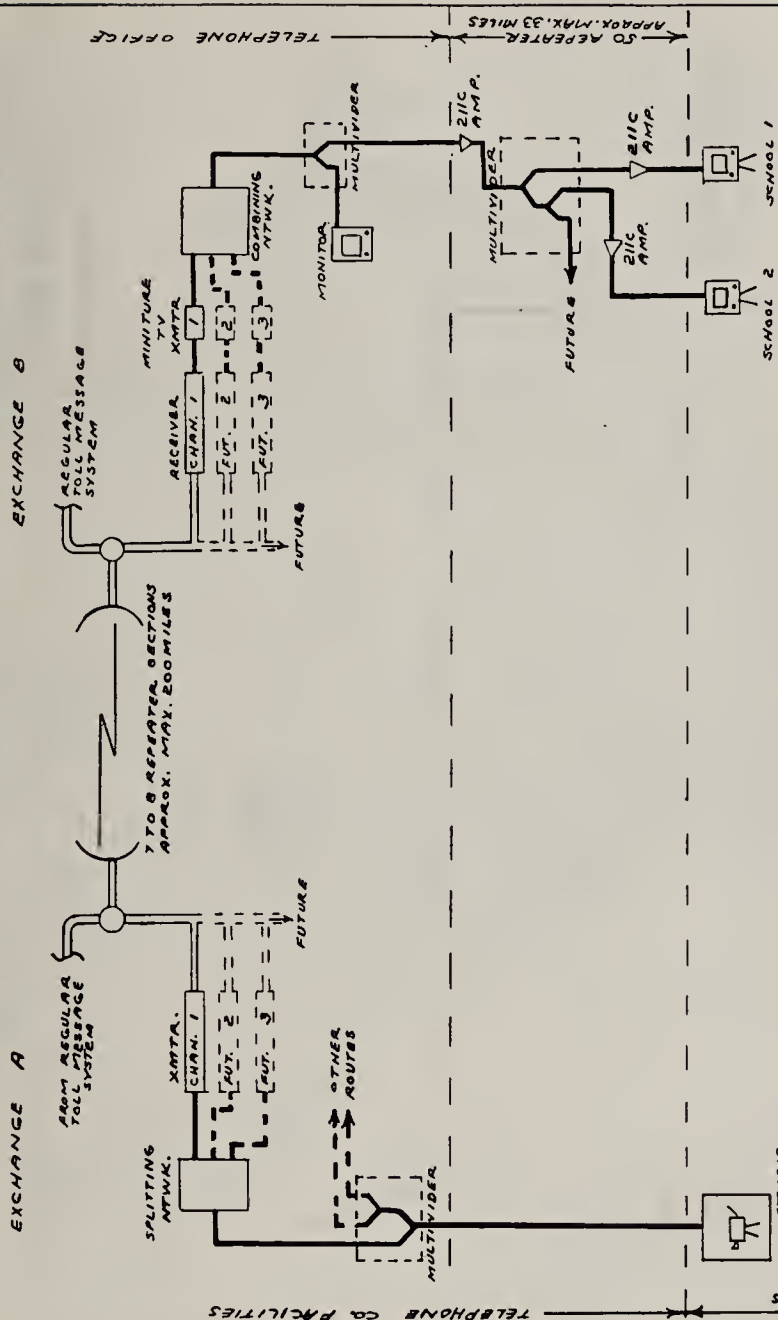
The other means of transmission is by coaxial cable. The cable used in the South Carolina network is the disk type which provides an air dielectric between the center conductor and the outer tube. The center wire is held in place by polyethylene disks at three-quarter-inch intervals. The center wire and reinforced tube is enclosed in a polyethylene plastic sheath. An exploded view of this cable is shown by the picture in figure 8. In addition to being installed aerially, the cable may be placed in underground conduit or buried. When it is installed aerially it should be placed on a separate strand in order to minimize the possibility of damage as any dents, kinks, or moisture in the cable will impair transmission. The TV signal must be amplified in the cable approximately every 3,500 feet. A repeater is located at these points and power is supplied by a commercial power tap. The picture in figure 9 shows the method of pole mounting

the repeater. This repeater, one at each location, will repeat all channels sent over the cable. Development is now underway on an amplifier which can be supplied with power from the central office. This will help reliability. A composite cable is also under development which can be buried or plowed in and will contain the coaxial tube and physical pairs suitable for carrier. This will make possible the provision of loops and trunk circuits between points connected by the ETV cable. There is some possibility that a trunk carrier can be developed to operate in the coaxial at frequencies that will not interfere with the ETV signal.

The average investment required for a light route microwave channel between towers on an existing microwave system is approximately \$12,000. For coaxial cable with pole line in place it is about \$5,000 per mile. The economy between microwave and cable varies with conditions; however, generally, the coaxial cable is more economical from 5 to 10 miles even on one-channel operations. For multichannel operation the distance increases since an additional repeater (transmitter and receiver) is required at each microwave repeater point for each separate channel on the network. In the cable only one repeater per repeater point is required for all channels. However, there are transmission considerations on the cable that limit its use to 50 repeaters or about 33 route miles. The cable system may be branched as long as none of the receiving points exceed about 33 route miles from the originating location.

In closing, the following should be emphasized. Transmission of ETV by closed circuit has very marked advantages over open circuit in cost, flexibility, reliability, and frequency spectrum conservation. In closed circuit transmission, the communication companies have the know-how and experience to furnish this facility reliably and economically. These facts are not recognized by many people in and out of the communication business; hence the efforts to provide other ways of meeting this need. This trend must not be encouraged by our failure to provide either the information or the facilities when there is the opportunity to do so.

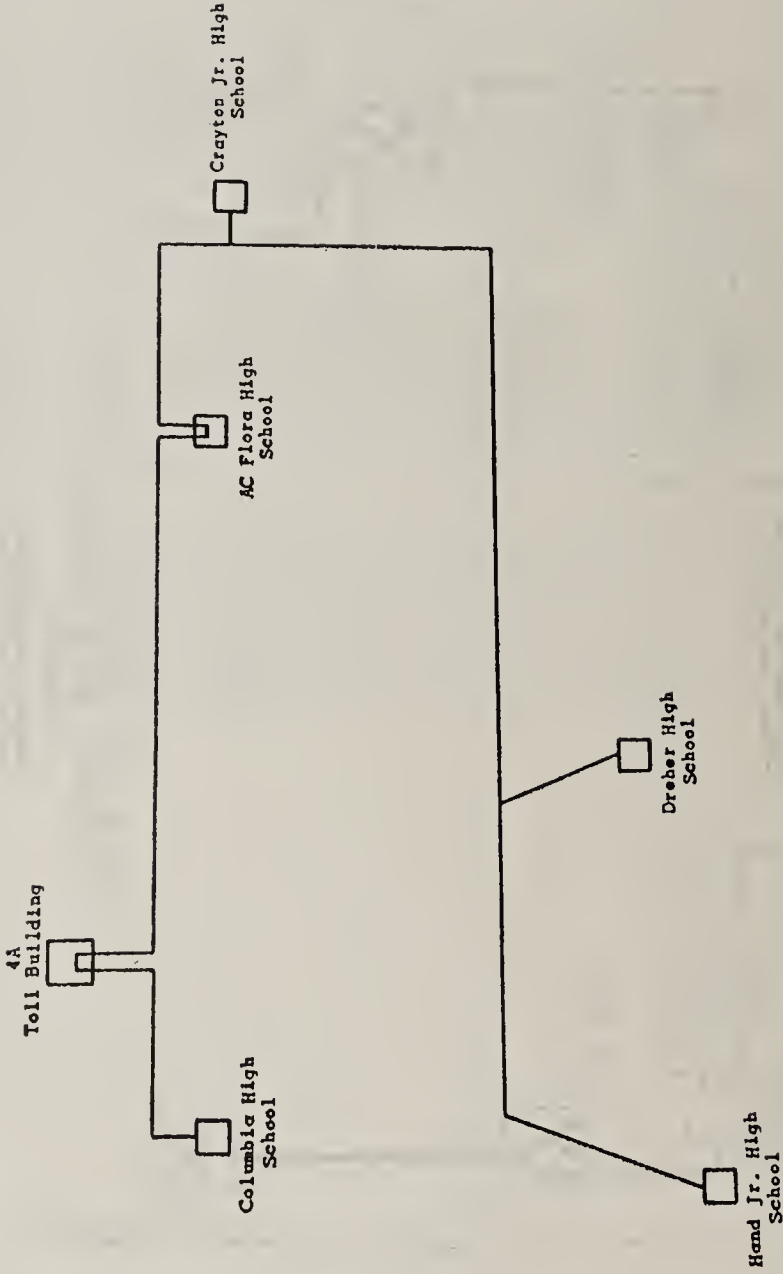
ETV by closed circuit and the many other potentials this will open up for the use of closed circuit video transmission by our customers should be looked upon as a great opportunity and challenge. An opportunity to obtain the revenues to support better trained people and better plant to give better service—A challenge to show that our nationwide communication system furnished by private communication companies through constructive cooperation can continue to give to this great country of ours the best communication service in the world.



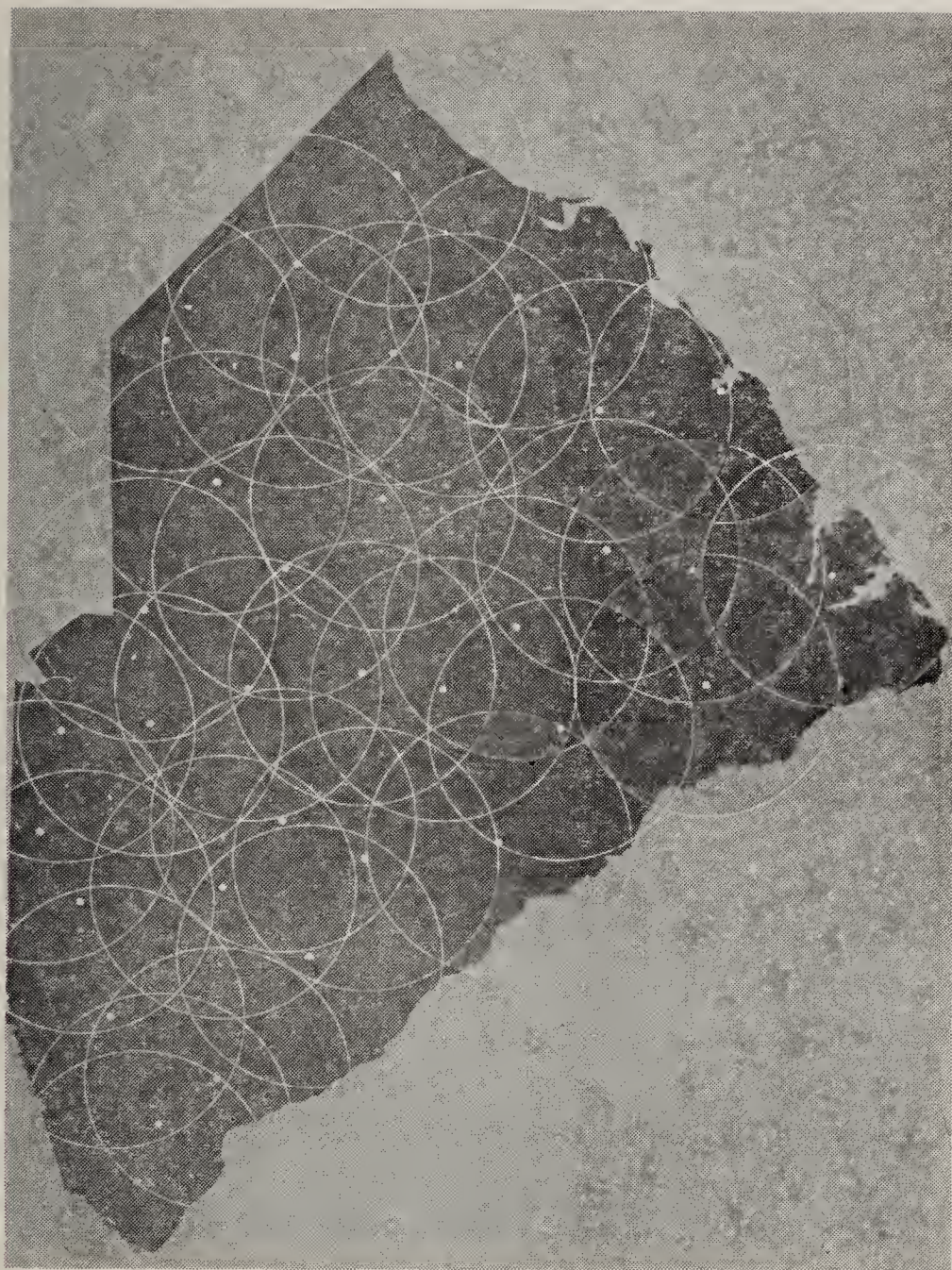
TYPICAL ETV CLOSED CIRCUIT FACILITY
FURNISHED BY THE TELEPHONE CO.

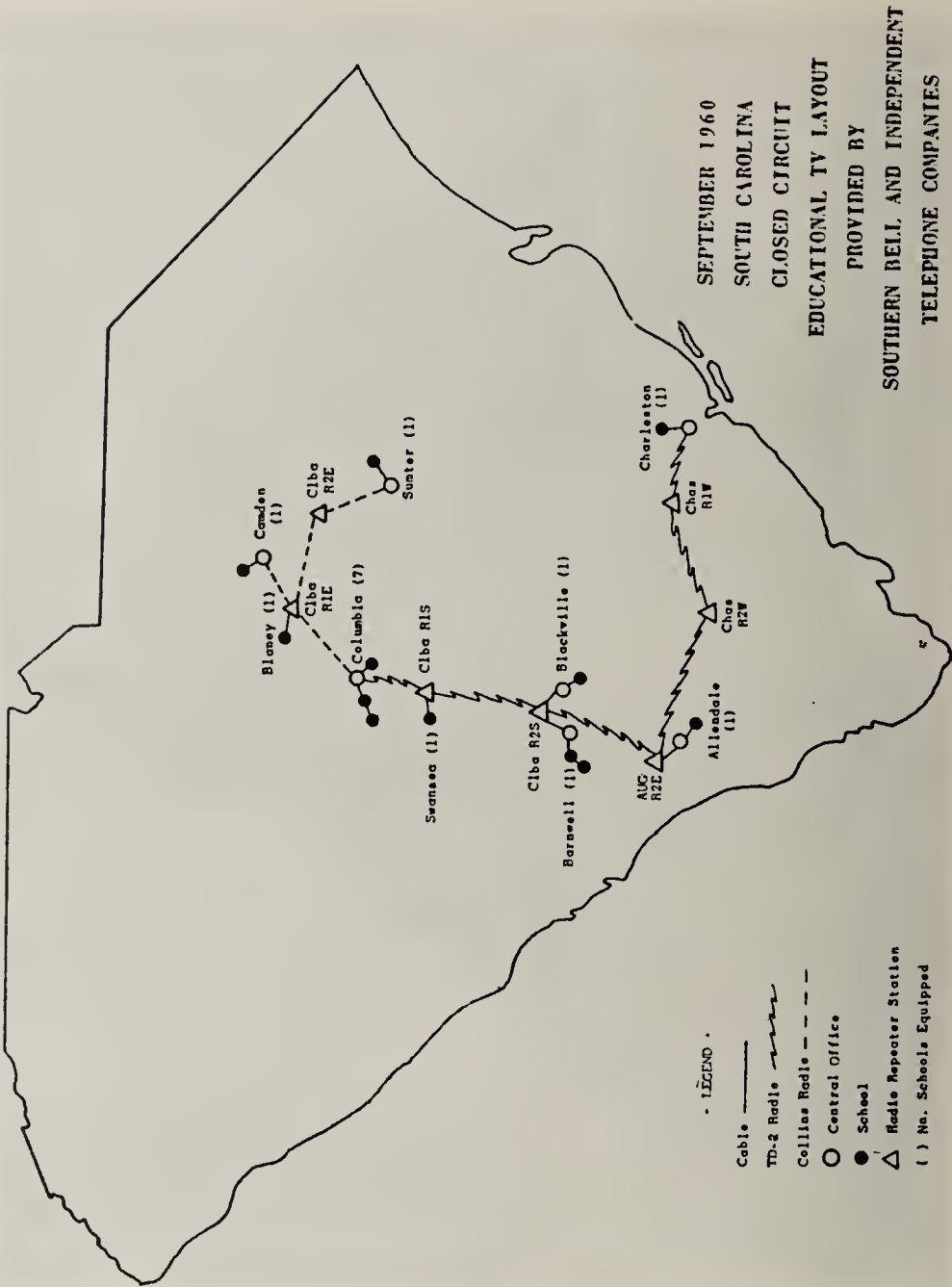
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COAXIAL CABLE
WAVE GUIDE



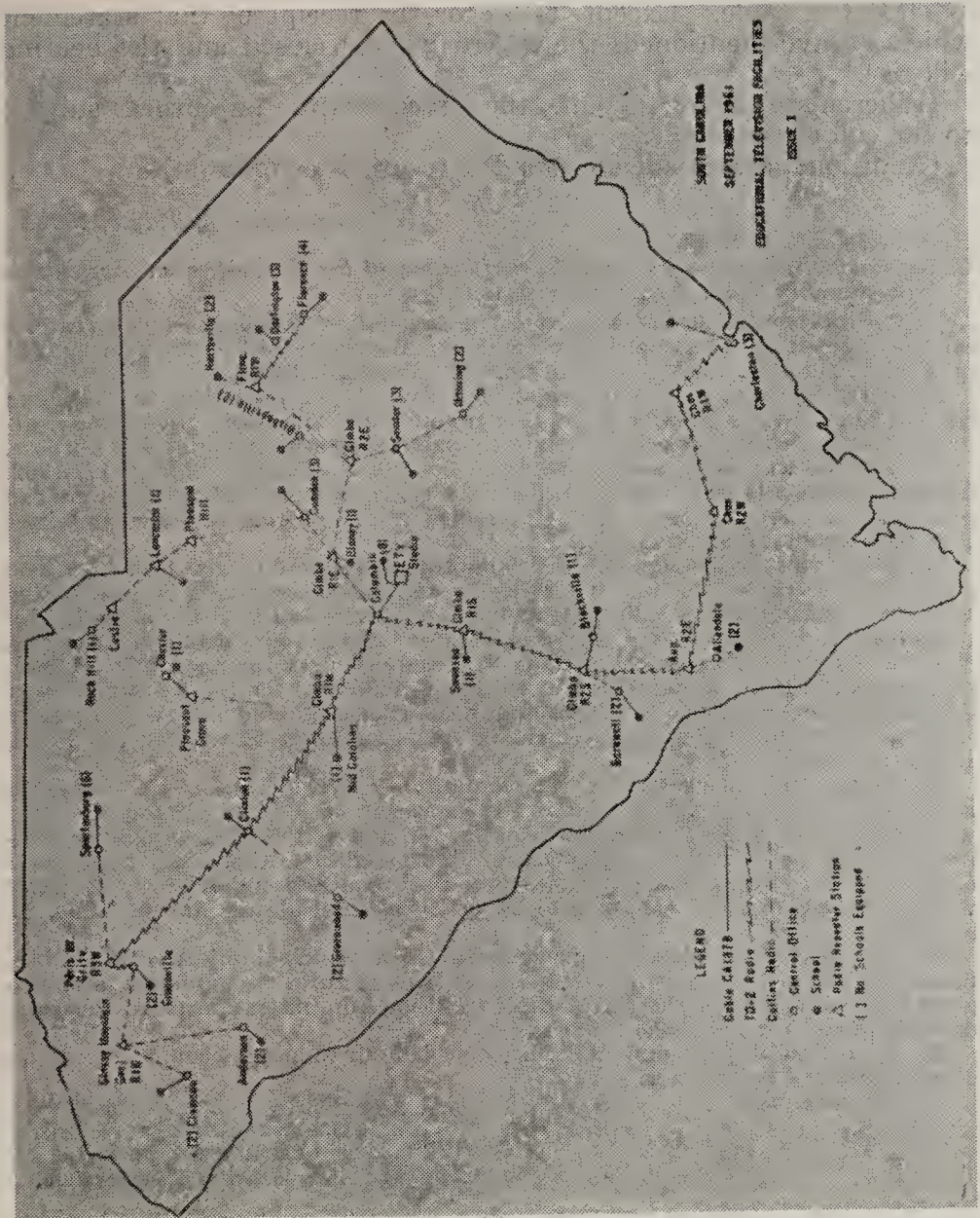
SEPTEMBER 1959
SOUTH CAROLINA
EDUCATIONAL TV LAYOUT





SEPTEMBER 1960
SOUTH CAROLINA
CLOSED CIRCUIT
EDUCATIONAL TV LAYOUT
PROVIDED BY
SOUTHERN BELL AND INDEPENDENT
TELEPHONE COMPANIES

- LEGEND
- Cable —————
 - TD-2 Radio - - - - -
 - Collins Radio - - - - -
 - Central Office
 - School
 - △ Radio Repeater Station
 - () No. Schools Equipped



Senator HOLLAND. Does this conclude the testimony of the witnesses who wish to be heard this morning?

I understand that the witness for the National Farmers Union wanted to file a formal statement. We will keep the record open until Tuesday for that purpose.

Are there any questions from Senators or Representatives to be heard?

There are none. Except, then, for the receipt of that statement which I have mentioned, the record will be closed and the hearing will rise.

(Whereupon, at 12:10 p.m., the subcommittee adjourned, subject to the call of the Chair.)

(Additional statement filed for the record is as follows:)

WASHINGTON, D.C., July 3, 1962.

HON. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Rural Electrification of the Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: The National Association of Broadcasters is grateful for the opportunity to submit these comments for the record of the hearing held on Friday, June 29, 1962, to consider S. 3001 and H.R. 10708.

As we understand it, the principal objective of this legislation is to extend educational television service to rural communities. The testimony at the hearings before both the House and Senate committees clearly indicates this purpose.

H.R. 10708 was twice amended on the floor of the House on May 17, 1962. These amendments were offered to limit the basis on which REA borrowers can obtain loans. It is apparent from the record at the hearing of your committee that misunderstandings still exist.

We think you emphasized the deficiency in the proposed legislation when you stated: "It seems to me that your case would be strengthened if you limited yourself, either by the wording or by the legislative record, to the supplying of these loans for the purpose of piping in the service to the educational institutions. * * *" At another point you stated: "Let me say, only for myself, in closing, so long as the loans are confined to furnishing facilities for the transmission of educational programs to the educational institutions, on contracts which clearly show a commitment for the payment of funds sufficient to retiring the loans, I have no objections."

We respectfully suggest, for the committee's consideration, the following language. On page 2 line 5 of H.R. 10708, as it passed the House, after the word "facilities" strike the remainder of the bill and add the following: "or community antenna television system services or facilities other than those used exclusively for educational purposes, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended."

We submit that the above language satisfies the principal objective of the bill, namely to extend educational television services to rural communities, and also gives clear direction to the Rural Electrification Administration as to the basis on which loans can be made.

We hope that these comments will prove helpful to the subcommittee in its consideration of this matter.

Respectfully,

HOLLIS M. SEAVEY,
*Manager, Government Affairs,
National Association of Broadcasters.*



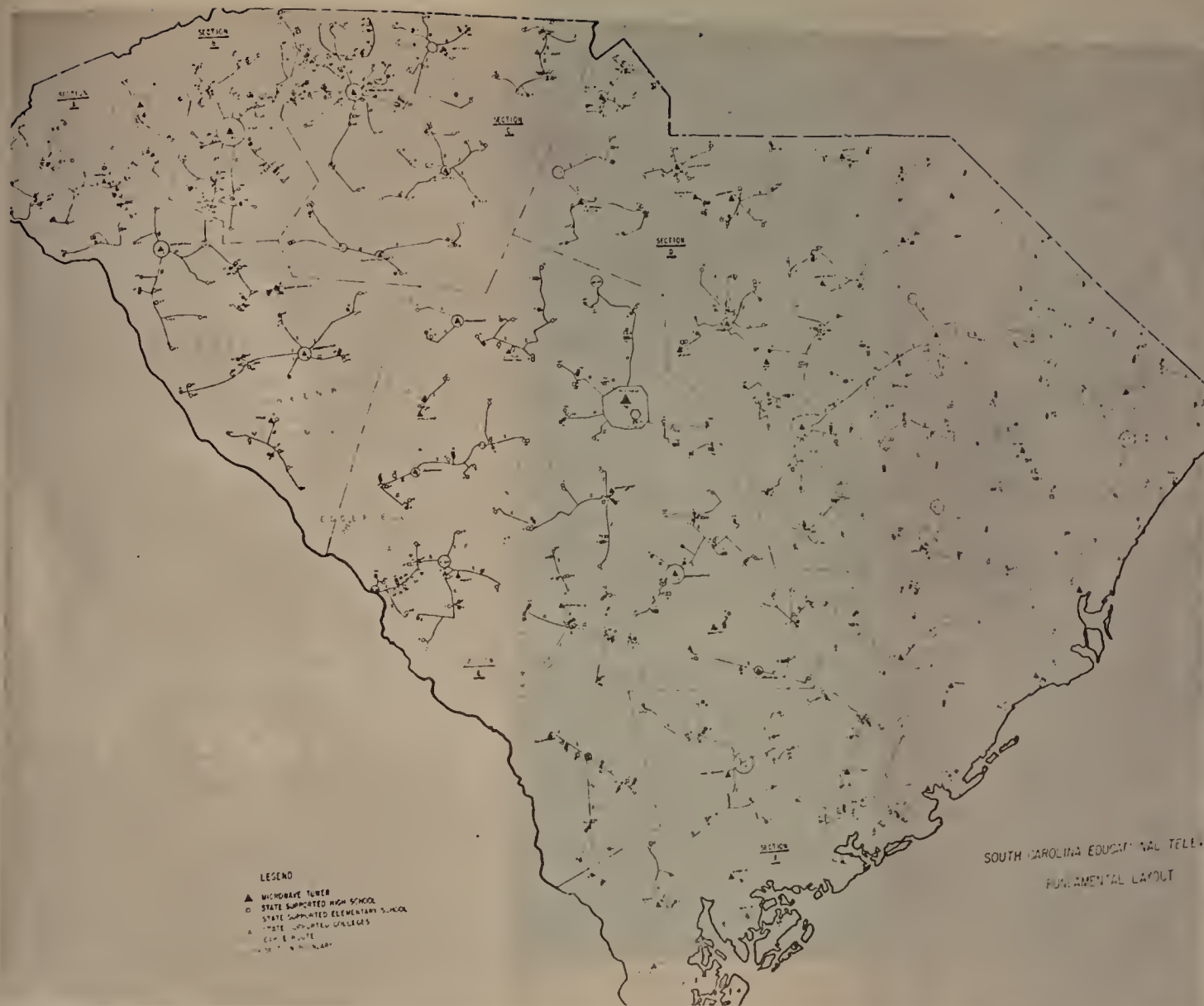
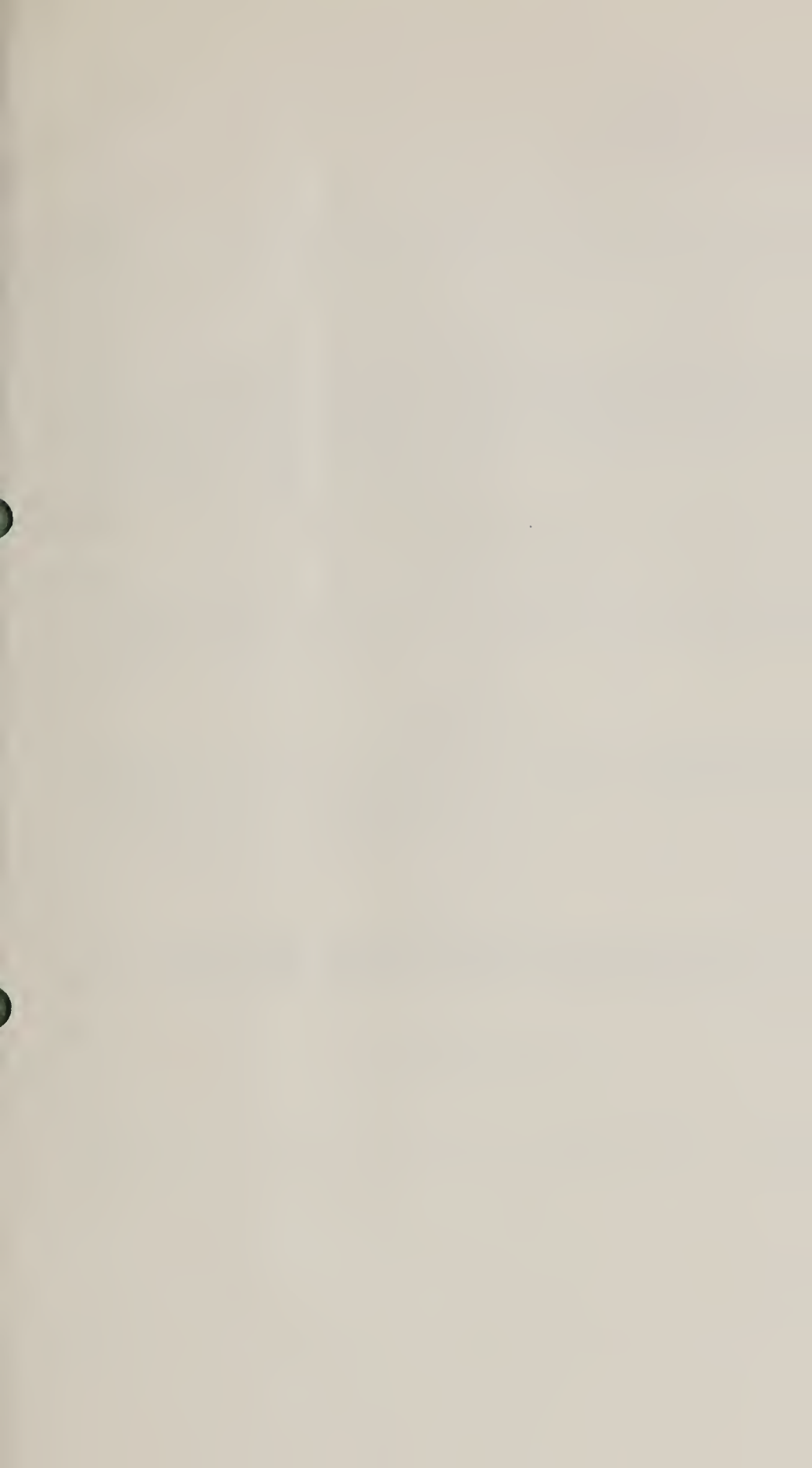


FIGURE 6



H.R. 946

TO EXTEND TO OYSTER PLANTERS THE BENEFITS OF
THE PROVISIONS OF THE PRESENT LAW WHICH
PROVIDE FOR PRODUCTION DISASTER LOANS FOR
FARMERS AND STOCKMEN

H.R. 9290

TO AMEND THE SOIL CONSERVATION AND DOMESTIC
ALLOTMENT ACT AND THE AGRICULTURAL ADJUST-
MENT ACT OF 1938

H.R. 10374

TO REDUCE THE REVOLVING FUND AVAILABLE FOR
SUBSCRIPTIONS TO THE CAPITAL STOCK OF THE
BANKS FOR COOPERATIVES

H.R. 10708

TO AMEND THE RURAL ELECTRIFICATION ACT WITH
RESPECT TO COMMUNICATION SERVICE

MARCH 19, 1962

cooperatives and are under the general supervision of the Cooperative Bank Service of which I am Director.

The purpose of H.R. 10374 is to reduce the amount of the revolving fund in the Treasury which is available for the Governor of the Farm Credit Administration to purchase class A capital stock in the banks for cooperatives. This revolving fund originally was authorized and established at \$500 million under section 6 of the Agricultural Marketing Act of 1929 for the purposes of the Federal Farm Board. By 1933 the affairs of that Board were being wound up and the administration of the fund passed to the Farm Credit Administration. When the banks for cooperatives were established, also in 1933, what remained in the fund was made available for the purchase of capital stock in such banks. The cash available in the fund in 1933 plus the amounts subsequently realized by the Farm Credit Administration from the liquidation of the other assets of the fund eventually totaled \$185,918,743.10. This is the amount now in the fund and is the maximum amount ever made available for subscriptions to the capital stock of the banks for cooperatives. Under the proposed bill, \$35,918,743.10 of the cash in the fund would be credited to miscellaneous receipts of the Treasury, which would reduce the revolving fund to \$150 million.

At the present time \$106,817,000 of the fund is invested in the capital stock of the banks for cooperatives. Each year since the Farm Credit Act of 1955, as the borrowers from the banks for cooperatives acquire more capital stock in the banks, an equivalent amount of the Government-owned capital stock is retired and the proceeds of such retirements are returned to the revolving fund. These repayments and any other cash in the fund continue to be available for further subscriptions to the capital stock of the banks for cooperatives as the Governor may determine is required for the purpose of meeting the credit needs of eligible borrowers from the banks. The last use of the fund to purchase capital stock in a bank for cooperatives was during World War II to help finance the processing and distribution of food and fiber for the war effort.

It may be helpful to review how the proposed reduction in the revolving fund may affect the potential lending capacity of the banks for cooperatives. The loan funds of the banks for cooperatives are obtained primarily through the sale of consolidated debentures to the investing public. Under the law, the total amount of debentures which may be outstanding at any one time may not exceed eight times the capital and surplus of the banks (12 U.S.C. 1134m). Based on their present capital and surplus and the additional capital which could be provided from the cash now on hand in the revolving fund, the banks could issue consolidated debentures in an amount which, together with such capital and surplus, would give them loanable funds of approximately \$3 billion. If the revolving fund is reduced by \$35,918,743.10, as proposed, the potential funds for loans would be reduced to approximately \$2.7 billion. This amount is about four times the peak loans of \$683 million outstanding during the fiscal year ended June 30, 1961. In the circumstances, it is thought that reducing the revolving fund to \$150 million should not impair the capacity of the banks for cooperatives to continue to meet the credit needs of eligible farmer cooperatives in the reasonably foreseeable future.

The Farm Credit Administration has recommended the enactment of H.R. 10374 and we hope that the committee will act favorably on it.

Mr. POAGE. Thank you very much, Mr. Heitz.

Are there any questions? It is so unusual to have a witness present who is requesting a reduction in funds rather than an increase. I think that the committee is very much impressed with your statement. We are very much obliged to you, Mr. Heitz. Thank you very much.

Mr. Heitz. Thank you.

H.R. 10708

Mr. POAGE. We now have a bill which I introduced, H.R. 10708, which provides to amend section 203 of the Rural Electrification Act of 1936 with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. We have Mr. Renshaw, Assistant Administrator for Telephone of the Rural Electrification Administration, with us today.

We shall be glad to hear from you now.

(H.R. 10708 is as follows:)

[H.R. 10708, 87th Cong., 2d sess.]

A BILL To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sound, signals, pictures, writing, or signs of all kinds through the use of electricity

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended by striking out subsection (a) thereof, and inserting in lieu thereof the following:

"(a) As used in this subchapter, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services, or facilities within the meaning of section 153(o) of title 47 (section 3(o) of the Communications Act of 1934, as amended)."

STATEMENT OF E. F. RENSHAW, ASSISTANT ADMINISTRATOR FOR TELEPHONE, RURAL ELECTRIFICATION ADMINISTRATION; ACCOMPANIED BY WALTER L. WOLFF, DEPUTY ASSISTANT ADMINISTRATOR; AND LOUIS GORRIN, OFFICE OF GENERAL COUNSEL, RURAL ELECTRIFICATION ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE

Mr. RENSHAW. Mr. Chairman and members of the committee, I am Frank Renshaw, Assistant Administrator, REA, in charge of REA's telephone program. I am a 1939 graduate of Mississippi State College, with a degree in electrical engineering. I began work with REA in June 1939 and have since 1951 been working in REA's telephone program.

The following telephone program data may be of interest to the committee. As of January 31, 1962, REA has made loans totaling approximately \$860,500,000 to 771 telephone companies and cooperatives located in 45 States and the Virgin Islands. Of these, 559 are commercial companies with loans totaling about \$562,150,000, and 212 are cooperative-type borrowers with loans totaling \$298,350,000. As

a result of these loans 876,000 rural subscribers will receive improved service and an additional 800,000 rural families will receive service for the first time.

I appear today, at the committee's request, to discuss H.R. 10708, a bill which would amend the definition of "telephone service" as it appears in section 203 of the Rural Electrification Act. Because of the short notice given of today's hearing, there has been no opportunity to submit a departmental report on the bill or to determine, in accordance with usual procedures, its relationship to the administration's program.

In the summer of 1961, a number of REA telephone borrowers inquired as to the possibility of REA financing facilities to be used for delivery of educational telecasts to school systems located in their service areas. These inquiries came primarily from systems in South Carolina although other States indicated interest.

When this problem was presented to us, we inquired of the General Counsel's office as to REA's authority to finance local distribution facilities used for educational television. Our lawyers advised us that under the definition of "telephone service" in the present law, the only communication facilities which REA may finance are those in which "voice communication through the use of electricity * * * is the principal intended use." Consequently, communication facilities are excluded if they are intended solely for nonvoice communication, or for both voice and nonvoice communication where voice is not the principal element. Also expressly excluded by the definition are "telegraph services" and "radio broadcasting services," which as defined in the Communications Act of 1934 includes television broadcasting. H.R. 10708 would extend the communication facilities which REA may finance to those furnishing any type of communication service through use of electricity, including transmission of sounds, pictures, writing, signs and other data, as well as of voice. There would continue to be expressly excluded from permissible financing, as at present, all telegraph and public radio or television broadcasting facilities.

Counsel's interpretation was communicated to the interested borrowers. They expressed the view that REA-financed telephone systems should be able to render, in the rural areas they serve, the same service that other telephone utilities offer. It is our understanding that enactment of the pending measure is sought to achieve this and thereby to place REA-financed systems on technical and competitive parity with other segments of the industry. H.R. 10708 will, we believe, resolve any question as to REA's authority to finance the local distribution facilities intended for use primarily in educational television. The bill would possibly permit also the financing of other types of service, such as data transmission, facsimile reproduction, and other photographic transmissions, all of which are services commonly rendered by telephone companies. I would like to emphasize that H.R. 10708 would not open up a new field of REA financing for a new industry but would be a matter of enabling REA to take care of its telephone borrowers' needs in providing a service which telephone organizations will normally be called upon to provide.

Mr. Chairman, I failed to introduce the people I have with me. On my right is Louis Gorrin, from the Office of the General Counsel, and on my left is Mr. Walter L. Wolff, Deputy Assistant Administrator for the telephone program.

Mr. POAGE. Mr. Renshaw, as I understand it at the present time those who borrow from you are not able to carry out all of the telephone functions as those who borrow from commercial banks are able to do; is that right?

Mr. RENSHAW. That is right.

Mr. POAGE. Is it not true that one company may make a loan to provide rural services as an extension of the existing services and, in effect, provide these services on part of their lines, and then not have the right to provide them on lines on which you hold jurisdiction?

Mr. RENSHAW. That is true. They can provide only the type of service that we normally call conventional service through voice communication.

Mr. POAGE. On that part of the system which already is in operation before you made them a loan, they may finance these improvements through some other source. On those lines on which you have loaned they can transmit the educational broadcasts or any of the other species of transmission that are named here, as I understand it?

Mr. RENSHAW. That is right.

Mr. POAGE. Nor can they use their lines to transmit commercial telegraph?

Mr. RENSHAW. That is true.

Mr. POAGE. Even after the passage of this bill?

Mr. RENSHAW. That is exactly right.

Mr. POAGE. In other words, television, that is, commercial television and telegraph companies will not be in competition or have competition from these sources?

Mr. RENSHAW. Yes, sir.

Mr. POAGE. Educational television could move over these lines; facsimile and those kinds of things?

Mr. RENSHAW. Yes, sir. It would require a different type of facility, though. We could not use the conventional telephone wires or cables for educational television, but with additional authority to finance, we can provide other facilities, such as coaxial cables, microwave, et cetera.

Mr. POAGE. Even if they have that on part of their system they cannot put it on the lines you finance?

Mr. RENSHAW. That is right.

Mr. POAGE. So that the people who are on those lines which are financed by REA presently are denied the opportunity to get these services that are available on the lines that are not financed by REA?

Mr. RENSHAW. That is true.

Mr. POAGE. Even in the same company?

Mr. RENSHAW. However, we have not made loans to companies that already have this type of facility. This is a fairly new facility. I do not know of any of our present borrowers who are now providing educational television facilities. The normal borrower which we already have would under this bill be able to come to the REA and obtain loans for financing educational television facilities.

Mr. POAGE. There is nothing, however, to keep a borrower from getting in exactly the same situation that I described?

Mr. RENSHAW. That is true. If the telephone company that came to us already had television facilities and got a loan we could not expand those facilities under the present act, but under this bill we could lend them money to expand those facilities.

Mr. POAGE. As we see into the future these things are going to develop—I see no question but what they will and it seems for the future quite probable in the substance of this bill you will have two types of rural services, that financed by the REA and that which is not financed by the REA. And that financed by the REA will be restricted, so that they cannot provide these services?

Mr. RENSHAW. That is true.

Mr. POAGE. They will be able to give this service, even though the facilities are owned by the same company?

Mr. RENSHAW. That would be true.

Mr. POAGE. If it is educational?

Mr. RENSHAW. Yes.

Mr. POAGE. Are there any other questions?

Mr. McINTIRE. If I understand correctly what you are saying here is that you want the REA to be authorized to move over from the paid service on telephone loans to coaxial cables and microwaves?

Mr. RENSHAW. Yes. We do not now have authority to finance educational TV, whether it be through microwave or coaxial cable. Under this bill our borrowers, the existing borrowers and the new borrowers, would be able to come to the REA and obtain financing for a service which they are called upon to provide, and which we cannot now finance under the present law.

Mr. McINTIRE. This service is not over the land lines—this is a service which is new, for which new facilities and a different type of service than most of the lines you have now?

Mr. RENSHAW. Yes, this is true. This type of service normally is furnished from city to city. We call it microwave radio. We are not particularly concerned with the REA financing that particular type of service, but when it reaches a borrower service area—the local distribution system for educational TV—that would be the point at which the REA financing would come into play. And, of course, those facilities would consist, perhaps, of closed circuit coaxial cable, and in some instances possibly closed circuit microwave facilities.

Mr. McINTIRE. And your interest lies only in those areas where REA for all practical purposes is the community system in the community?

Mr. RENSHAW. That is exactly correct, sir.

Mr. McINTIRE. And your interest is that if there is additional TV, it may be made available for specific channels and not specifically to closed circuit; is that right?

Mr. RENSHAW. Well, I would like to answer that this way, that we would not be involved in it unless it is closed circuit because under your broadcasting limitations even under this bill REA would not be able to participate in financing broadcasting of an educational TV system even in the area of our borrowers. That would be done by a broadcasting company.

Mr. McINTIRE. Well, in that event, isn't it a fact that there are some areas for some residents where REA telephone service is for all practical purposes the only telephone service?

Mr. RENSCHAW. That is right.

Mr. McINTIRE. And this service by closed circuit or coaxial cable, the distribution of that communication would be within the community in that area?

Mr. RENSCHAW. Yes, sir; that is correct.

Mr. McINTIRE. Not long-distance transmission?

Mr. RENSCHAW. No, sir.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. SHORT. I still cannot get the picture of REA under the provisions of this bill. REA has telephone lines out to each customer. Is it proposed under this bill to give REA authority to build the local broadcasting facilities?

Mr. RENSCHAW. No, sir. We now have facilities rendering voice communication to subscribers located within an area that has been assigned to a particular borrower. Along comes educational TV which is not principally voice communication and which we cannot finance, but that service is provided to schools or, perhaps, to educational centers——

Mr. SHORT. May I interrupt you right there? This educational TV is going to be broadcast on a channel of its own; and is that going to be available to everybody within the range of that broadcasting station?

Mr. RENSCHAW. No, sir. It will be on a frequency that is not normally the type of broadcast TV which we recognize here in Washington. It will be on a different frequency than you and I would be able to receive.

Mr. SHORT. You mean that the normal set would not pick this up, is that it?

Mr. RENSCHAW. Yes, sir; that is correct. It is a closed circuit in itself, in that there is a microwave radio relay from, say, the city of Columbia, S.C., down to perhaps a couple of hundred miles down the State to another pickup station which may be at the exchange of one of our borrower systems.

Well, the borrower will pick that up at that point and distribute the signal to schools scattered over the exchange area. It is not the type of television that anyone could tune in on. It is a closed circuit system that would not be picked up by anyone other than those who are connected.

Mr. SHORT. Well, then, this is not going to be a service that is available to all the people that will be served by your telephone lines; is it?

Mr. RENSCHAW. Through the schools; yes, sir.

Mr. SHORT. Just to the schools within that area?

Mr. RENSCHAW. That is right. No individual subscriber would be able to pick this up unless he were also tuned in, that is, if he actually had a cable running to his premises, which is not likely. There might be some of that but not a great deal.

Mr. SHORT. Does this involve a cable line?

Mr. RENSCHAW. Yes, sir, a coaxial cable from the point of distribution, or from the point that it is picked up at the exchange center, out to the school or to whatever center this educational TV is to be picked up. It is primarily an educational tool for the purposes of improving our educational techniques and educational processes and also for pro-

viding teachers in those places of a caliber that could actually conduct the educational process in a most efficient manner.

Mr. POAGE. Would you yield?

Mr. SHORT. Yes.

Mr. POAGE. I am just wondering if Mr. Short does not have the same situation in his State as we have in my State. We have many cities in west Texas where they have to set up high towers to get TV, where they carry in the programs through the coaxial cable for the town to get the programs to the individual set.

Now what you are proposing to do, as I understand it, is basically to provide the same service over a larger rural area to these places where it is not possible now because it would not be economically feasible for the individual to subscribe to the service?

Mr. RENSCHAW. That is correct; that is true.

Mr. POAGE. But it would be that same type of service which is provided by these people who build these towers which are 200 and 300 feet high, and because they serve a number of people for a fee, perhaps, they are able to finance these tall structures whereas for an individual it would be something he could not undertake on his own, and so they get programs in an area from Fort Worth or Dallas that otherwise they could not get.

Mr. RENSCHAW. Except that the example you give, as I understand it, might be considered public television broadcasting in which case we would not be able to finance it.

Mr. POAGE. Well, I know you will not be able to finance broadcasting.

Mr. RENSCHAW. But on the other hand we would be able to finance facilities for an educational TV system which is in effect a closed circuit system out to a point—it is intended primarily for service to schools and to educational centers, not to customers like I would be here in Washington.

Mr. POAGE. I know, but the schools could not pick up these programs even if they had the instruments because they would have to build the tower, this high tower?

Mr. RENSCHAW. That is right.

Mr. POAGE. Whereas these gentlemen can build one tower and use it to transmit by means of these cables which you run on the telephone line out to these schools using these tools, which I believe is the word you used, which individuals normally would not be able to pay the fee which is necessary; however, if they could, you would not have any objection to an individual if he wanted to pay for it?

Mr. RENSCHAW. That is true. The studios and the teachers and the transmitting apparatus as well as the microwave stations that transmit these educational programs to vast distances, all of that is very expensive, too much so for an individual subscriber. However, I believe that in Washington there is channel 26 which you can receive by buying an adapter to your television set. But that is in a congested area. We are talking about getting this out into the rural areas.

Mr. POAGE. But out in those areas we are speaking of, even if they bought an adapter, even with the adapter they could not get signals without building a tower also?

Mr. RENSCHAW. That is right.

Mr. POAGE. And so that is the idea, that these telephone systems, whether they are co-op or privately owned, will build this tower and they will serve a number of schools as their primary market?

Mr. RENSRAW. That is right.

Mr. POAGE. And I assume, or they assume that they will be serving a dozen or so, they probably will have to serve that many to justify it; would they not?

Mr. RENSRAW. That is true. I know one system in the Carolinas where they would have 45 schools in the service, scattered over an area of several exchanges.

Mr. POAGE. And the more of those that you could put on, the cheaper?

Mr. RENSRAW. That is true.

Mr. POAGE. And the private telephone companies cannot, but—well, these telephone companies that do not borrow from you, they can do that now?

Mr. RENSRAW. Yes, sir.

Mr. POAGE. But your borrowers cannot do it?

Mr. RENSRAW. That is correct; we cannot finance it.

Mr. JOHNSON of Wisconsin. Mr. Chairman.

Mr. POAGE. All right, sir.

Mr. JOHNSON of Wisconsin. Isn't it true that they can afford to transmit it to the schools because you have telephone lines available to do that, into that area?

Mr. RENSRAW. That is right. These areas are normally certificated by the State commissioners so that the telephone company serving that particular area is responsible and obligated to provide whatever telephone service is needed. And if an REA borrower has an order by a State regulatory body to supply a service that he cannot obtain financing for, then we have the predicament that we are in now.

Mr. POAGE. Mr. McIntire?

Mr. McINTIRE. May I make a comment on that point? In New England the educational programs are on the regular channels and so all anybody has to do is to turn his set on to the regular channels on his regular set.

Mr. RENSRAW. You will have some of that but it won't be everybody because—

Mr. McINTIRE. We have that now.

Mr. RENSRAW. Yes, sir; and you will have more and more of it. The only limitation is on the number of channels that they can get. Under the closed circuit television that we are talking about we are thinking in terms of one to four channels for each school, perhaps, but we do not now have the facilities for broadcasting to provide the number of channels we anticipate. Perhaps you might have one or two or three channels in a city over here [indicating] that may reach out and provide, say, two programs here [indicating]. But we are thinking in terms of some growth—but it is not going to be able to grow in the rural areas, at least at the present time, and it would appear to be quite expensive to provide that type of broadcast facility for nationwide distribution where everybody could pick it up; it would be almost an impossibility.

Mr. McINTIRE. I suppose it is not true in other areas but in our case, the FCC has reserved a channel for educational television use?

Mr. RENSRAW. I believe that is true.

Mr. McINTIRE. And they can get it on a regular band.

Mr. RENSHAW. That is correct, and where you have that condition then REA will not enter into the financing of broadcast educational TV facilities.

Mr. POAGE. Also, if they are broadcast, then there will be no demand for your proposition because no one will want to pay for that.

Mr. RENSHAW. That is right. Where we have the closed circuit educational TV by land lines and point to point microwave relay radio, there will be a demand in the rural areas all over the country, not all parts of the country but numerous parts of the country where the telephone companies will be expected to provide this type of service.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes.

Mr. SHORT. Mr. Renshaw, we passed a bill a few days ago in the House authorizing Federal participation in educational television. This bill, as I recall, would lend assistance in the field of material being broadcast. What you are doing here is attempting to provide better facilities for bringing about the distribution of these educational TV programs—improving the distribution. Now let me ask you this. Can these cables, that have to be extended out to these schools, be installed on telephone lines?

Mr. RENSHAW. On existing poles or underground, and wherever they can be placed underground they will normally be placed underground. Where you have to add additional cable because of weight and other—

Mr. SHORT. That is the point I am getting at. Couldn't they be put on the existing telephone poles?

Mr. RENSHAW. No, not if you did not have the proper pole height and the proper pole strength and it was specifically designed so that it could be done. I dare say there will be some instances where we are only using a single coaxial cable which is about the size of my little finger, you might pole mount that. But in other instances where you have some of these cables which will be a larger size, you probably would not be able to put this on the normal type of telephone line.

Mr. SHORT. Well, let me ask you this. Mr. McIntire just mentioned these educational TV programs which were on regular channels, channels available for regular TV sets. As educational TV grows and the use of it and the need for it expands, isn't it conceivable that there are going to be channels reserved everywhere so that the kind of distribution we are discussing may not be necessary?

Mr. RENSHAW. That is true, in the cities where the FCC will reserve various frequencies, then you can actually achieve educational TV through regular broadcast methods as we now know television. But the thing we are talking about here now is not under an FCC license in order to distribute it through closed-circuit television.

In other words, these are closed circuits, so they will not interfere with anybody else anyway and nobody else will be able to tune in on them except the schools in the area that receive the particular service. So the closed circuit will not interfere with the FCC allocations of various frequencies for broadcast TV of any description.

Mr. POAGE. If you will yield—

Mr. SHORT. Yes.

Mr. POAGE. As I understand, and I am asking if you also so understand, these educational programs actually originate at a relatively few points in the United States.

Mr. RENSILAW. That is right.

Mr. POAGE. And the problem of getting them out into areas such as the Dakotas, there you will find the same thing that you run into in parts of Texas. First, there are not many points there where you could originate any such programs of this kind, is that not right?

Mr. RENSILAW. That is true.

Mr. POAGE. Whereas on the other hand in New England it may actually be developed along up in there and moved a long distance by these microwave services, and to get those into these other areas, it cannot be taken directly by the TV set that you own or I own in our house; it has to go into somebody's system such as the one that you contemplate here and be delivered by the manner you are suggesting here and then the delivery would be limited to schools, again, because of the cost and would not be made to individuals. It could be delivered to individuals but it would be too costly. And what you are trying to do is to enable these people who are out of the reach of commercial broadcast facilities to get these programs even though they are a long ways out in the country?

Mr. RENSILAW. That is a good explanation, Mr. Chairman.

Mr. MCINTIRE. Let me ask you this, sir. How far are we removed from being able to step into a TV shop and buy an all-channel set? It is my understanding that the additional cost at this time is in the neighborhood of \$35 for an adapter. In fact, not too long ago I checked for an adapter on my own set. But I am also advised that this is a development where we are about ready to move into a commercial basis, on all-channel sets and where the prices will become nominally higher, if at all, above the present cost of a set. What is your view on that?

Mr. RENSILAW. I could not answer that, Mr. Congressman. I am not too familiar with just what the status of that is at the present time.

Mr. POAGE. Well, it is true, is it not, Mr. Renshaw—and maybe I don't understand this and so I ask—that even though you have an all-channel set, when you are out beyond the periphery where broadcast reaches you, then it does not do you any good to have an all-channel set unless somebody is going to bring you those waves that you speak of, and if you are beyond the reach of those waves you were speaking of and I will take as an example, say, Charleston or Columbia, where you are going to have this system, where they can only broadcast now, say, 200 miles or they probably don't even reach

200—
Mr. RENSILAW. That is correct.

Mr. POAGE. They cannot do that without these very tall antennas and what you are doing is simply extending that reach.

Mr. RENSILAW. That is correct, getting out service from city to city with the microwave radio and then from that point, picking it up with this local distribution system. Otherwise these people would not be able to pick up that broadcast from this originating point, and you are correct, regardless of what you have, even though you do have all-channel sets, you would not be able to receive this program.

Mr. McINTIRE. That would be because all-channel sets are capable of picking up only signals from all-channel projections.

Mr. RENSHAW. That is right.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. SHORT. So we get to this point, it seems to me, and I am thinking in my own area—where there is room for these broadcast facilities, and if there are people enough that can be reached so as to justify the construction of the broadcast facilities, the facilities will be built. Then it is going to become extremely expensive to extend these cables out to the schools in an area where there are no broadcast facilities—I am thinking of my own area where there are rural schools miles and miles apart where in fact we don't have telephone service. So we are thinking a long ways ahead. It seems to me that maybe in terms of cost of reaching these schools in these sparsely settled areas, that if you want to reach them, that the broader availability of channels in the broadcasting approach is going to be cheaper than thinking in terms of installing a direct cable.

Mr. RENSHAW. That may well be true in some areas and it may not be feasible in certain other areas to provide this type of service that we are talking about. On the other hand it will be feasible and perhaps the only way in other areas. And so the only way you can determine whether or not broadcast educational TV is better is to make engineering studies to determine not only the economics but also the physical characteristics involved, as to whether or not ETV cannot be accomplished better by broadcast or through closed circuit methods.

So there will be instances where educational TV, particularly around rather highly populated areas such as Bismarck or Grand Forks or Fargo, may be achieved through the broadcast method. But you might also be able to pick up a different educational TV signal, say in Bismarck or some other location, and there you are going to find a lot of the schools that are to be served there are located in communities and out in rural areas. We would have facilities in these towns which could be used along with the coaxial cables to get this service to the towns so as to serve the REA borrowers service areas. We may not be able to go out so far into the rural areas, if they are 25 or 30 miles away from these towns. They may not be able to afford the particular service which the town itself might be able to afford.

Mr. SHORT. The reason I was thinking along these lines is that there are places in my area at home where they do not have telephone service but we do have available to us TV broadcasts.

Mr. RENSHAW. That is true.

Mr. SHORT. And from two or three different points.

Mr. RENSHAW. That is right. And as I say it may be that through the combination of broadcast television, which we will not have anything to do with, and closed circuit television which we could finance under this bill, between the two of them we would get that much more of the job done.

Mr. SHORT. I am not trying to quarrel with this idea, I am just trying to get more enlightenment of what is involved.

Mr. RENSHAW. I understand. And it is a complicated thing.

Mr. POAGE. It is not complicated to this extent, that unless we do this, there will be areas in this country that will get this service and

other areas that will not get it. That is what it boils down to, isn't it?

Mr. RENSHAW. Yes, sir; that is correct.

Mr. McINTIRE. Do I understand that what is intended is that this would not be authorizing legislation that permits the tie-in of one cooperative with another to make a network of services? This really intends simply to provide the area now served with the authority to extend its service so that it will encompass these other areas, is that not correct?

Mr. RENSHAW. Well, Mr. Congressman, there will be instances where, say, we have a borrower or we have two borrowers real close together like this [indicating], and the signal is picked up in this direction [indicating] and it will be distributed here and it might conceivably be possible to extend that circuit into a number of areas, to come over into these areas of another borrower—but not a network as we would know it, but there may be some crossing over from one borrower system to another or one telephone company to another in the process of providing this service in as cheap a way as possible.

Mr. McINTIRE. And this amendment, am I correct in assuming that we are amending the bill only to broaden the basis for the eligible telephone companies?

Mr. RENSHAW. Yes, sir.

Mr. McINTIRE. It would not simply establish other groups for this particular service when they are not providing the telephone service already?

Mr. RENSHAW. That is correct.

Mr. POAGE. There would be no way under this bill whereby anybody could get loans from REA except on the basis of the need for telephone service and then if they establish the need for telephone service it could include this kind of facility in the facilities provided?

Mr. RENSHAW. I would say definitely that the normal use of this type of financing would be by telephone companies that already provided the conventional type of telephone service.

Mr. POAGE. And this would not broaden your authority.

Mr. RENSHAW. No, we would not expect any broadening of authority.

Mr. POAGE. I am not talking about your expectations. This bill does not broaden your authority, does it?

Mr. RENSHAW. No. We cannot make loans to telephone companies except those eligible under the act.

Mr. POAGE. That is right.

Any other questions?

Mr. DOLE. If I may, Mr. Chairman. Would there be some particular points where you might come in and provide educational TV in an area where you did not provide modern dial service to the detriment of the area? In other words, would you use funds to provide ETV and not have funds to provide an area with good modern dial service?

Mr. RENSHAW. If I understand your question, sir, no, sir. I cannot conceive of that because in order to serve in an area, in most States, you must have a certificate of an assigned territory. I don't believe it would be possible to go outside and provide this service without also providing the conventional telephone service.

Mr. DOLE. I mean in places where you have adequate telephone service, they made requests for this type of service, there may be areas where they don't have adequate telephone, modern telephone service—may you make a loan to them and deny a loan to the others?

Mr. RENSHAW. Under the act we are obligated to provide area coverage service and adequate service in any area where we make a loan, so I take it under this bill as well as under the existing act, our area coverage obligation would still apply.

Mr. DOLE. Have you had inquiries or have you had applications for loans?

Mr. RENSHAW. Not applications as such. We have had many inquiries as to whether REA could finance this type of facility but actually we have told them from the beginning we don't believe REA had the authority to finance this facility. Consequently there have been no actual applications filed for loans of this type.

Mr. DOLE. Have you any suggestion as to what the loans might be under this provision if you had the authority, in dollars?

Mr. RENSHAW. No, sir. We have not done that. It would be rather difficult because the program is just now beginning to develop. It is going to take some time before it reaches the point where—not many of the States have developed their educational TV programs to the extent that we have already, say, in South Carolina. We have not made studies that would indicate in any way or to estimate the impact in terms of dollars.

I do not feel that for the next few years it would amount to a great deal because it is going to take time for these programs to get established. But it is coming. In the next 7 to 10 years, there will be a lot of educational TV and a lot of it will be through the broadcast method, which we will not be involved with, and also a lot through closed circuit, which we will get involved in to the extent that our borrowers are asked to provide this service.

We have 771 borrowers at the present time. Not all of them will be called upon to provide this service, perhaps, in the foreseeable future many of them will be.

Mr. POAGE. Any other questions?

Mr. MCINTIRE. Mr. Renshaw, I am going to refer you to the bill, to line 7. Coming back to the colloquy we had a few minutes ago, I would like to comment that the bill says there that the act is to be amended by striking out subsection (a) and putting in the following, a new paragraph (a) :

As used in this subchapter, the term "telephone service" shall be deemed to mean any communication service * * * and shall include all telephone lines, facilities—

and so forth.

Now, we were raising the point that loans would be made only to those private companies and cooperatives who were engaged in the telephone business. But this language would permit lending funds, would permit initial loans to be made for other services, rather than just for the improvement or the expansion of the telephone service?

Mr. RENSHAW. I believe it would, but I would like to ask—

Mr. POAGE. Except, if I may interrupt, that under the present law you can make the loan under certain restrictions and—

Mr. RENSILAW. Mr. Congressman, I don't know whether your question was predicated on the fact that service was already there or not there. But you had in mind, perhaps—suppose we had 45 schools in an area that wants ETV. Would your question be whether another company could organize and get a loan just to provide ETV facilities along with this other company that was providing conventional telephone service? I believe the answer would be no in the instances where the Commission had already awarded a certificate, say, to the first telephone company that was already in there. It would not be possible without the Commission finding that it was in the public interest for a second company to organize and obtain a loan.

I don't believe that you would have a condition like that prevailing.

Mr. POAGE. Well, I cannot see how you could ever possibly find anyone establishing a telephone company, private or cooperative, simply to render this service. Where would there be any profit, if that is the only business it is to be in? The cost would be out of proportion to the income; isn't that correct?

Mr. RENSILAW. I agree with that, Mr. Chairman.

Mr. MCINTIRE. Well, the point I was trying to develop was that this language does not restrict you to simply making supplemental loans to someone already in business but would permit your making an initial loan to a company other than one already in the telephone business. Do you feel that it would permit your making that loan only to a company already in the telephone business, is that the way you feel it would be?

Mr. RENSILAW. Yes, sir.

Mr. POAGE. Any other questions?

Mr. GATHINGS. Thank you, Mr. Chairman. The chairman was the author of legislation that created the REA telephone law—you are aware of that.

Mr. RENSILAW. Yes, sir.

Mr. GATHINGS. Your statement was that out in these rural areas that had not received any service theretofore, and the REA telephone service is made available to them, you say that there were three quarters of a million rural subscribers that receive improved service.

Mr. RENSILAW. Yes, sir.

Mr. GATHINGS. What do you mean, improved service?

Mr. RENSILAW. Many of these that we made loans to, operated the manual exchanges, the crank-type telephone that you perhaps know of; and also the common battery-type service. We did not consider that really good telephone service and so when we make the loans to those companies and they convert to modern dial service, we say we have improved the service to 876,000 subscribers.

Mr. GATHINGS. To about as many as who had not received it?

Mr. RENSILAW. That is correct, sir.

Mr. GATHINGS. Now, you have a little better situation here than you have on the REA electric lines where you run into the argument from the private utilities that so many of these REA projects are trying to duplicate lines and setting up competitive systems where there is an existing electrical line or transmission line available. You do not have a situation like that here?

Mr. RENSILAW. Mr. Congressman, our act says specifically we are not permitted to lend funds to duplicate facilities now providing

reasonably adequate service, and we are further restricted by commissions in those States that will not permit service in an area already served. So it is pretty much a doublebarreled restriction, both Federal and State jurisdictions.

Mr. POAGE. There is also inherent in the providing of telephone service the fact that any telephone system must have long-distance connections. It is true that there used to be some systems where you could only talk to the people on that line, you could not talk to anybody except within that district, rather. But, to be worthwhile, they have got to have long-distance facilities available, so that they find that they have to make contracts with the Bell Telephone System because nobody else can provide such a setup for long distance, and I don't think that any of these smaller companies can hope to do that, they always have got to contract with Bell Telephone?

Mr. RENSRAW. That is correct.

Mr. GATHINGS. Mr. Chairman, you introduced this bill on March 3 and there was notice of this meeting in advance. There as no telephone companies represented here that I know of—I don't know that gentleman over there. If there are any, they may want to testify.

Mr. POAGE. I understood the telephone companies had no objection to this.

Mr. McINTIRE. Off the record.

(Discussion off the record.)

Mr. HELMBURGER. Mr. Chairman, may I ask a question?

Mr. POAGE. Yes.

Mr. HELMBURGER. The language here is not quite clear to me in view of the discussion. There appears to be in the language of the bill no distinction between educational TV and commercial TV. Is there distinction between two types of transmission, rather than subject matter? In other words, this would authorize loans for any type of closed circuit transmission; would it not?

Mr. RENSRAW. Yes.

Mr. HELMBURGER. Any type?

Mr. RENSRAW. Any kind of closed circuit television. The language is broad enough to include other types of transmission, but it all is intended to permit an REA borrower to provide the same type of telephone service that other telephone companies provide including educational TV, teletypewriter, facsimile transmission, data transmission, and telephotography.

Mr. HELMBURGER. And it could be done either by wire or radio, could it not?

Mr. RENSRAW. Yes—

Mr. HELMBURGER. By closed circuit?

Mr. RENSRAW. Yes.

Mr. HELMBURGER. Actually the only thing that is prohibited here in this whole field is loans to telegraph service or broadcasting services; is that correct?

Mr. RENSRAW. Yes.

Mr. HELMBURGER. Wouldn't it be possible for you to make a loan to a company which wanted to set up one of these commercial television local services such as this in areas beyond the normal range of television stations, where you have a company which puts up a tower and runs cables out to the homes of subscribers and does it on a fee basis?

Mr. RENSRAW. Only if it were closed circuit television.

Mr. HEIMBURGER. Yes.

Mr. RENSUAW. Not the normal broadcasting. You have that same type of service provided on a broadcasting basis or you get the service off of an antenna that may pick up that service from a city and distribute it among the people in a town. I would like Mr. Gorrin to answer that question, whether or not a separate company might not be established to do the thing you are talking about here on ETV.

Mr. GORRIN. I would think that the area coverage requirement of the act might make that legally questionable. I mean——

Mr. HEIMBURGER. It might make it impractical but it does not make it illegal.

Mr. GORRIN. Well, in connection with every loan there is the requirement that the Administrator find that this is within area coverage. It is a little difficult for me to see, for example, if you wanted to broadcast a prizefight over closed circuit, that that is part of an area coverage program.

Mr. HEIMBURGER. Your area coverage would not have to be coextensive with the area covered by a telephone company in the vicinity; would it?

Mr. GORRIN. Well, whatever area coverage means, it is within a particular set of circumstances, the widest practical providing of services——

Mr. HEIMBURGER. The point I am trying to make, and I hope it is not an immaterial point: Doesn't this seem to you, as it seems to me, that this is a definition of telephone service—I mean the proposed bill has a new definition of telephone service and any of these various activities would constitute telephone service. It seems to me the legal meaning can be read, "The term 'telephone service' shall mean any communication service for the transmission of pictures through the use of electricity by transmitting and receiving apparatus"?

Mr. GORRIN. Well, it would have to be in compliance with all of the other requirements.

Mr. HEIMBURGER. Yes, I understand that. But as far as the legal interpretation of this definition is concerned, a loan could be made, and this is just what I am trying to get at: Couldn't a loan be made under the legal situation, not the practical situation, to a company which puts up one of these towers and then relays by means of wires or coaxial cables, the commercial television reception to subscribers throughout the area?

Mr. GORRIN. If all the other requirements of the act are met—feasibility, security, no duplication, certification——

Mr. POAGE. I beg your pardon, but does not the present law specifically prohibit a transmission of commercial TV or telegraph services?

Mr. GORRIN. That is true.

Mr. POAGE. And that is not repealed by this provision?

Mr. GORRIN. That is true.

Mr. POAGE. So from a legal standpoint you could not do it?

Mr. GORRIN. Well, I thought Mr. Heimbürger was talking about a commercial closed circuit operation.

Mr. HEIMBURGER. That is what I was referring to, Mr. Chairman, where transmission is by means of wire, not broadcast. The only thing prohibited, as far as I can see from the language, is the broad-

cast. If it is a closed circuit proposition where the commercial broadcasters receive from a city 200 or 300 miles away a program and then put it on wires or coaxial cables, this would not be broadcasting and would not come under the jurisdiction of the FCC.

Mr. GORRIN. That is right.

Mr. HEIMBURGER. And I think that is perfectly legitimate, but I wanted to go into the language here.

Mr. GORRIN. I think that is right, but providing all the other requirements are met.

Mr. GATHINGS. On this closed circuit, the children could have all of their subjects that they are studying on the TV and then if there was a prizefight it could be tuned in on that closed circuit and they could have a little fun during recess: is that it? [Laughter.]

Mr. POAGE. Is there anyone else who has questions?

(No response.)

Mr. POAGE. Well, thank you very much.

Mr. RENSRAW. Thank you, Mr. Chairman, for the opportunity to appear here.

Mr. POAGE. No one else wants to be heard, so that will be all.

(Whereupon, at 3:45 p.m., the subcommittee adjourned.)



87TH CONGRESS
2D SESSION

H. R. 10708

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 1962

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 203 of the Rural Electrification Act of 1936, as
4 amended (7 U.S.C. 924), is amended by striking out sub-
5 section (a) thereof, and inserting in lieu thereof the
6 following:

7 “(a) As used in this subchapter, the term ‘telephone
8 service’ shall be deemed to mean any communication service
9 for the transmission of voice, sounds, signals, pictures, writ-

1 ing, or signs of all kinds through the use of electricity between
 2 the transmitting and receiving apparatus, and shall include
 3 all telephone lines, facilities, or systems used in the rendition
 4 of such service; but shall not be deemed to mean telegraph
 5 services or facilities, or radio broadcasting services or facili-
 6 ties within the meaning of section 153 (o) of title 47 (section
 7 3 (o) of the Communications Act of 1934, as amended).”

87TH CONGRESS
2D SESSION

H. R. 10708

A BILL

To amend section 203 of the Rural Electrifica-
 tion Act of 1936, as amended, with respect
 to communication service for the transmis-
 sion of voice, sounds, signals, pictures, writ-
 ing, or signs of all kinds through the use of
 electricity.

By Mr. Poage

MARCH 13, 1962

Referred to the Committee on Agriculture

87TH CONGRESS
2^D SESSION

S. 3001

IN THE SENATE OF THE UNITED STATES

MARCH 15 (legislative day, MARCH 14), 1962

Mr. HILL introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the definition of the term "telephone service" as used in title II of the Rural Electrification Act of 1936, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 203 (a) of the Rural Electrification Act of 1936,
4 as amended (7 U.S.C. 924), is amended to read as follows:
5 “(a) As used in this title, the term ‘telephone service’
6 shall be deemed to mean any communication service for the
7 transmission of voice, sounds, signals, pictures, writing, or
8 signs of all kinds through the use of electricity between the
9 transmitting and receiving apparatus, and shall include all
10 telephone lines, facilities, or systems used in the rendition of

1 such service; but shall not be deemed to mean telegraph
 2 services or facilities, or radio broadcasting services or facilities
 3 within the meaning of section 3 (o) of the Communications
 4 Act of 1934, as amended (47 U.S.C. 153 (o)).”

87TH CONGRESS
 2d Session

S. 3001

A BILL

To amend the definition of the term “telephone service” as used in title II of the Rural Electrification Act of 1936, as amended.

By Mr. HILL

MARCH 15 (legislative day, MARCH 14), 1962
 Read twice and referred to the Committee on
 Agriculture and Forestry

- 3 -
House March 19, 1962

15. PERSONNEL; CLAIMS. Passed without amendment H. R. 10357, to provide for the settlement of claims against the U. S. by members of the uniformed services and civilian employees for damage to, or loss of, personal property incident to their service. pp. 4044-6
16. LANDS. Passed as reported H. R. 9097, to authorize the Secretary of the Interior to sell certain public lands in Idaho (p. 4046). Rep. Harding favorably discussed this bill. pp. 4102-3
17. BRIDGES. Passed without amendment H. R. 8982, authorizing a bridge across the Rio Grande at or near Heath Crossing, Tex. p. 4047
Passed without amendment H. R. 9883, to authorize a toll bridge across the Rio Grande near Los Indios, Tex. pp. 4047-8
18. PERISHABLE COMMODITIES. The Subcommittee on Domestic Marketing of the Agriculture Committee voted to report to the full committee with amendments S. 1037, to amend the provisions of the Perishable Agricultural Commodities Act regarding fees, oral hearings, and relicensing of persons under the Act. p. D187
19. CONSERVATION. The Subcommittee on Conservation and Credit of the Agriculture Committee voted to report to the full committee H. R. 9290, to amend the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act so as to make Federal administration of the ACP permanent. p. D187
20. COOPERATIVES. The Subcommittee on Conservation and Credit of the Agriculture Committee voted to report to the full committee H. R. 10374, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives. p. D187
21. ELECTRIFICATION. The Subcommittee on Conservation and Credit of the Agriculture Committee voted to report to the full committee H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. p. D187
22. APPROPRIATIONS. Received from the President supplemental appropriation estimates for 1962 of \$25 million for disaster relief and \$10 million for the Small Business Administration (H. Doc. 365). p. 4106
23. SOIL BANK. Received from Agriculture a report on the 1961 conservation reserve program. p. 4106
24. SUGAR. Rep. Harding said "one of the most important pieces of farm legislation which will be considered by this Congress is the revision and extension of the Sugar Act," and inserted a legislative program of the domestic sugar industry and a letter to the President. pp. 4101-2
25. TEXTILES. Rep. Alexander discussed H. R. 9900, the proposed Trade Expansion Act of 1962, and inserted an article, "Lack of Proper Import Quotas Hurts the American Textile Workers." pp. 4077-8
26. TRADE; ADMINISTRATIVE PROCEDURE. Rep. Scherer criticized the Federal Trade Commission's investigation of Kroger Co., and urged an investigation of administrative agency procedures. pp. 4075-7

ITEMS IN APPENDIX

27. FARM PROGRAM. Rep. Findley inserted an editorial, "Imitation Hams or Imitation Dollars?", stating that the court threw out an order by Secretary Freeman "against the meatpackers." pp. A2057-8
Extension of remarks of Rep. Westland stating "American farmers want the Government to get out of their business," and inserting a constituent's letter critical of the farm bill. p. A2047
28. SOIL CONSERVATION; RESEARCH. Extension of remarks of Sen. Wiley inserting resolutions of the Wisc. Assoc. of Soil and Water Conservation District Supervisors recommending an "adequate appropriation for the Agricultural Research Service in the field of soil and water conservation" and that all "longtime farm and ranch plans, as proposed in bill H. R. 10010 ... be carried out through the medium of soil and water conservation districts." pp. A2047-8
Rep. Younger inserted an article critical of the Soil Conservation Service, "This Bureau Conserves Its Money To Build a Bureau." p. A2056
29. RECREATION. Sen. Anderson inserted an address by M. Frederik Smith, a member of the Outdoor Recreation Resources Review Commission, "A Short Look Behind the Recreation Report." pp. A2049-52
Rep. Westland inserted a letter opposing the expansion of Federal activities in the field of recreation. p. A2058
30. WATER POLLUTION. Extension of remarks of Rep. Schwengel expressing concern over water pollution problems and inserting an article on this subject. pp. A2064-5
31. ELECTRIFICATION. Extension of remarks of Rep. Van Zandt inserting his recent address outlining the background of REA and explaining the role of atomic energy in the field of electrification. pp. A2065-6
32. DAIRY INDUSTRY. Extension of remarks of Rep. Quie inserting an article, "Politics and Supports," discussing effects of the rejection by the House Agriculture Committee of a resolution which would have frozen the price supports of milk at the present level. p. A2067
Extension of remarks of Reps. Quie and Nelsen inserting two Minn. Holstein Breeders Convention resolutions and stating that they "voice the opposition" of people in the dairying industry to the system of dairy quotas proposed by the administration. pp. A2071, A2079
33. HEALTH. Extension of remarks of Rep. Farbstein expressing his approval of H. R. 10606, to extend and improve the public assistance and child welfare service programs of the Social Security Act. p. A2082
34. MEAT INSPECTION. Extension of remarks of Rep. Sullivan explaining the provisions of her proposed bill to amend the Meat Inspection Act to extend its coverage in certain areas. pp. A2084-5

BILLS INTRODUCED

35. EDUCATION. H. R. 10807, by Rep. Mathias, making supplemental appropriations for the fiscal year ending June 30, 1962, for payments to local educational agencies under Public Laws 815 and 874, 81st Congress.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued March 23, 1962
For actions of March 22, 1962
87th-2d, No. 43

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HIGHLIGHTS: House passed bill to permit summer fallow lands to participate in feed grains program. House Rules Committee cleared tax bill. House committee voted to report Youth Conservation Corps bill. House committee voted to report bill for import-export controls on nonparticipants in multilateral cotton textile agreements. Sen. Muskie and Reps. Cooley and McIntire introduced and Sen. Muskie and Rep. McIntire discussed bills to provide supply management program for potatoes.

HOUSE

- 1. FEED GRAINS.** Passed without amendment S. 2533, to permit farmers in summer fallow areas to receive barley, corn, and grain sorghum price support and to participate in the corn and grain sorghum diversion program provided they reduce their corn and grain sorghum acreage to the extent necessary to bring their acreage of corn, grain sorghum, and barley down to not more than 80 percent of the 1959-60 average of those three crops. This bill will now be sent to the President. A similar bill, H. R. 8914, was laid on the table. pp. 4372-81
- 2. LIVESTOCK DISEASES.** The Agriculture Committee voted to report (but did not actually report) with amendments S. 860, to grant the Secretary of Agriculture additional authority to provide greater protection against the introduction and dissemination of diseases of livestock and poultry. p. D200
- 3. PERISHABLE COMMODITIES.** The Agriculture Committee voted to report (but did not actually report) with amendments S. 1037, to amend the provisions of the

Perishable Agricultural Commodities Act retarding fees, oral hearings, and re-licensing of persons under the Act. p. D200

4. LOANS. The Agriculture Committee voted to report (but did not actually report) with amendments H. R. 946, to extend to oyster planters the benefits of the provisions of present law which provide for production disaster loans for farmers and stockmen. p. D200
5. COOPERATIVES. The Agriculture Committee voted to report (but did not actually report) H. R. 10374, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives. p. D200
6. ELECTRIFICATION. The Agriculture Committee voted to report (but did not actually report) H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. p. D200
7. FOREIGN TRADE. The Agriculture Committee voted to report (but did not actually report) H. R. 10788, to amend section 204 of the Agricultural Act of 1956 to authorize the President to extend import-export controls to non-participants in multilateral cotton textile agreements. p. D200
8. CONSERVATION. The Committee on Education and Labor voted to report (but did not actually report) H. R. 10682, to authorize the establishment of a Youth Conservation Corps. p. D201
9. EDUCATION. The "Daily Digest" states that the Education and Labor Committee "ordered introduced in the House in lieu of H. R. 10390, the Adult Basic Education Act of 1962 (clean bill -- H. R. 10860)." p. D201
10. PUBLIC WORKS. Subcommittee No. 4 of the Judiciary Committee voted to report to the full committee with amendments H. J. Res. 464, to provide for the designation of the week commencing October 1, 1961, as "National Public Works Week." p. D201
11. HONEYBEES. The Agriculture Committee reported without amendment H. R. 8050, to prohibit the importation of all honeybees of the genus *Apis* in the adult stage except for research purposes by this Department or as the Secretary shall determine (H. Rept. 1477). p. 4392
12. TAXATION; COOPERATIVES. The Rules Committee reported a resolution for the consideration of H. R. 10650, the proposed Revenue Act of 1962, including revisions in tax provisions relative to cooperatives (see Digest 38 for items of interest). p. 4393
13. BANKING. The Banking and Currency Committee reported without amendment H. R. 10162, to amend the Bretton Woods Agreements Act to authorize the U. S. to participate in loans to the International Monetary Fund to strengthen the international monetary system (H. Rept. 1484). p. 4393
14. APPROPRIATIONS. The Appropriations Committee was granted until midnight tonight, Mar. 23, to file a report on the Labor, HEW and related agencies appropriation bill for 1963. p. 4371
15. RETIREMENT. Rep. Olsen discussed his bill H. R. 10706, to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued April 19, 1962
For actions of April 18, 1962
87th-2d, No. 60

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HIGHLIGHTS: House committee reported bill for registration of contractors of migratory farm workers.

HOUSE

1. MIGRATORY LABOR. The Education and Labor Committee reported with amendments S. 1126, to provide for the registration of contractors of migrant agricultural workers (H. Rept. 1623). p. 6443
2. ELECTRIFICATION. The Agriculture Committee reported with amendments H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936 to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice (H. Rept. 1622). p. 6443
3. SOIL CONSERVATION. The Judiciary Committee reported without amendment S. Con. Res. 62, commemorating the 25th anniversary of the establishment of soil conservation districts (H. Rept. 1625). p. 6443
4. FORESTRY. The Agriculture Committee reported with amendment H. R. 9736, to authorize the Secretary of Agriculture to permit supplies, materials, equipment, etc., formerly used under the Soil Bank Act in the production of tree planting stock to be used for State forestry work (H. Rept. 1620). p. 6443

5. RESEARCH. The Agriculture Committee reported with amendments H. R. 10594, to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that no penalty shall be collected with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation (H. Rept. 1621). p. 6443
Received from GSA a report which provides information on contracts negotiated for experimental, developmental, or research work during the 6-month period ending December 31, 1961. p. 6443
6. APPROPRIATIONS. By a vote of 388 to 0, passed without amendment H. R. 11289, the defense appropriation bill for 1963. pp. 6359-96
7. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments H. R. 23, to authorize the Secretary of the Interior to construct, operate and maintain the Arbuckle reclamation project, Okla. (H. Rept. 1619). p. 6443
8. FORESTRY; LANDS. Received from the Army and Agriculture duplicate notice of the intention of the Department of the Army and the Department of Agriculture to interchange jurisdiction of certain military and national forest lands. p. 6443
9. ORGANIZATION; SCIENCE. The "Daily Digest" states that the Government Operations Committee "Met in executive session and agreed to disapprove H. Res. 595, the disapproving resolution on Reorganization Plan No. 2, to create an office of science and technology." p. D300

ITEMS IN APPENDIX

10. SOIL CONSERVATION. Extension of remarks of Rep. Thomson commending the soil and water conservation program in Wisc. and inserting the State Conservationist's letter to Wisc. soil and water conservation district supervisors acknowledging their 1961 annual reports and commenting on recent developments in this field. pp. A3017-8
11. MARKETING. Rep. Wilson inserted a newspaper article opposing the President's recommendation to give the FTC additional authority to issue temporary cease-and-desist orders against businesses accused of unfair competition. p. A3024
12. FOREIGN TRADE. Rep. Sibal inserted a newspaper editorial contending that the Administration "misleads the public with statistics in order to rally support for its tariff policies." p. A3026
Rep. Dent inserted his testimony before the House Ways and Means Committee in support of his proposed amendment to the Antidumping Act of 1921 "to insure reasonable speed in its administration." p. A3041-2
13. PERSONNEL. Rep. Lindsay inserted a magazine article urging revision of conflict-of-interest laws so as to make Federal employment more attractive to engineers and scientists. pp. A3029-31
14. OPINION POLLS. Reps. Pillion, Avery, and Minshall inserted the results of replies to questionnaires sent to their constituents on various subjects. pp. A3001

RURAL TELEPHONE SERVICE

APRIL 18, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 10708]

The Committee on Agriculture, to whom was referred the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 7, strike out "subchapter" and insert "title".

Page 2, line 6, strike out "153(o) of title 47 (section)".

Page 2, line 7, strike out "amended)" and insert "amended".

PURPOSE

The purpose of this bill is to bring up to date the definition of telephone service which appears in that portion of the Rural Electrification Act authorizing loans for the development of rural telephone service. The present definition is limited to "service whereby voice communication through the use of electricity between the transmitting and receiving apparatus is the principal intended use thereof." This definition adequately described telephone service in 1949, when the law was enacted, but since that time the development and common use of closed circuit picture, data, and signal transmission has made this type of service an increasingly larger part of normal telephone operations.

The bill, therefore, would amend the 1949 definition to include the transmission of "sounds, signals, pictures, writing, or signs of all kinds" as part of the definition of telephone service. It would permit

REA telephone loans to include funds for the lines and facilities used to transmit such signals.

The bill does not change any other requirement respecting REA rural telephone loans and retains without change, for example, the definition of rural areas, the requirement for full area coverage, and the prohibition of loans for telegraph facilities or radio broadcasting services or facilities.

NEED FOR THE LEGISLATION

The need for the legislation was described by the Assistant Administrator of the REA in his statement before the committee. Following is the text of that statement:

STATEMENT OF E. F. RENSHAW, ASSISTANT ADMINISTRATOR
FOR TELEPHONE, RURAL ELECTRIFICATION ADMINISTRATION,
ON H.R. 10708, BEFORE THE HOUSE COMMITTEE ON AGRICULTURE,
MARCH 19, 1962

I am Frank Renshaw, Assistant Administrator, REA, in charge of REA's telephone program. I am a 1939 graduate of Mississippi State College, with a degree in electrical engineering. I began work with REA in June 1939 and have since 1951 been working in REA's telephone program.

The following telephone program data may be of interest to the committee. As of January 31, 1962, REA has made loans totaling approximately \$860,500,000 to 771 telephone companies and cooperatives located in 45 States and the Virgin Islands. Of these, 559 are commercial companies with loans totaling about \$562,150,000, and 212 are cooperative-type borrowers with loans totaling about \$298,350,000. As a result of these loans, 876,000 rural subscribers will receive improved service and an additional 800,000 rural families will receive service for the first time.

I appear today, at the committee's request, to discuss H.R. 10708, a bill which would amend the definition of "telephone service" as it appears in section 203 of the Rural Electrification Act. Because of the short notice given of today's hearing, there has been no opportunity to submit a departmental report on the bill or to determine, in accordance with usual procedures, its relationship to the administration's program.

In the summer of 1961, a number of REA telephone borrowers inquired as to the possibility of REA financing facilities to be used for delivery of educational telecasts to school systems located in their service areas. These inquiries came primarily from systems in South Carolina although other States indicated interest.

When this problem was presented to us, we inquired of the General Counsel's Office as to REA's authority to finance local distribution facilities used for educational television. Our lawyers advised us that under the definition of "telephone service" in the present law, the only communication facilities which REA may finance are those in which "voice communication through the use of electricity * * * is the

principal intended use." Consequently, communication facilities are excluded if they are intended solely for nonvoice communication, or for both voice and nonvoice communication where voice is not the principal element. Also expressly excluded by the definition are "telegraph services," and "radio broadcasting services," which as defined in the Communications Act of 1934 includes television broadcasting. H.R. 10708 would extend the communication facilities which REA may finance to those furnishing any type of communication service through use of electricity, including transmission of sounds, pictures, writing, signs, and other data, as well as of voice. There would continue to be expressly excluded from permissible financing, as at present, all telegraph and public radio or television broadcasting facilities.

Counsel's interpretation was communicated to the interested borrowers. They expressed the view that REA-financed telephone systems should be able to render, in the rural areas they serve, the same service that other telephone utilities offer. It is our understanding that enactment of the pending measure is sought to achieve this and thereby to place REA-financed systems on technical and competitive parity with other segments of the industry. H.R. 10708 will, we believe, resolve any question as to REA's authority to finance the local distribution facilities intended for use primarily in educational television. The bill would possibly permit also the financing of other types of service, such as data transmission, facsimile reproduction, and other photographic transmissions, all of which are services commonly rendered by telephone companies. I would like to emphasize that H.R. 10708 would not open up a new field of REA financing for a new industry but would be a matter of enabling REA to take care of its telephone borrowers' needs in providing a service which telephone organizations will normally be called upon to provide.

COST

Since loans by REA may be made only in amounts established annually by Congress, and since any loans which might be made as the result of this expanded definition of telephone service would come within such limitation, there would be no additional cost to the United States as the result of the enactment of this bill.

DEPARTMENTAL APPROVAL

Following is the report of the Department of Agriculture recommending enactment of the legislation:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 9, 1962.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 26, 1962, for a report on H.R. 10708, a bill to amend section

203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

This Department recommends that the bill be passed.

The bill amends the definition of "telephone service" contained in section 203(a) of the Rural Electrification Act, as amended, so as to permit REA to finance a broader range of communication facilities than is presently authorized. Under the existing definition of "telephone service," REA may finance those communication facilities in which "voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof." This definition precludes REA financing of communication facilities where voice communication is not the principal element. The telephone industry has developed and is providing a growing variety of communication services in addition to conventional voice communication. These include facilities for such services as closed circuit television, teletypewriter, private line, telephotograph, and writing and data transmission. These are today generally recognized and are being increasingly utilized as normal services rendered by telephone companies in their service areas. A number of these services are also being provided by telegraph companies in addition to conventional telegraph service.

The proposed change in the definition of "telephone service" would allow REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, and signs as well as voice. No change is made in any other provision of the act. Enactment of the bill would not open up a new field of REA financing but would enable REA to take care of its telephone borrowers' needs in providing services which telephone organizations are normally called upon to provide. There would continue to be excluded from permissible REA financing, as at present, conventional telegraph and public radio and television broadcasting facilities.

When the Congress was considering the legislation authorizing REA to make rural telephone loans, the possibility of future developments within the industry was recognized as was the possibility of Congress being called upon to make appropriate revisions in the authorizing statute to permit REA to meet financing needs associated with such developments. Rural telephone systems which have availed themselves of REA financing are faced with demands for communication services related to these developments. One such service, and a most important one, is the furnishing of facilities for the distribution of educational television over closed circuits to the schools in their service areas. They have a public and civic responsibility to furnish these facilities. Several borrowers have approached REA for financing of closed circuits for this purpose and have expressed the view that they should be able to render, in the rural areas they serve, the same service that other telephone companies offer. Enactment of H.R. 10708 would help them achieve this.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

RURAL ELECTRIFICATION ACT OF 1936

* * * * *

SEC. 203. (a) As used in this title, the term "telephone service" shall be deemed to mean any communication service [whereby voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof,] *for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus*, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended.

○

87TH CONGRESS
2D SESSION

H. R. 10708

[Report No. 1622]

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 1962

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

APRIL 18, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 203 of the Rural Electrification Act of 1936, as
4 amended (7 U.S.C. 924), is amended by striking out sub-
5 section (a) thereof, and inserting in lieu thereof the
6 following:

7 “(a) As used in this ~~subchapter~~ *title*, the term ‘tele-

8 phone service’ shall be deemed to mean any communication

9 service for the transmission of voice, sounds, signals, pictures,

1 writing, or signs of all kinds through the use of electricity
2 between the transmitting and receiving apparatus, and shall
3 include all telephone lines, facilities, or systems used in the
4 rendition of such service; but shall not be deemed to mean
5 telegraph services or facilities, or radio broadcasting services
6 or facilities within the meaning of section ~~153(o)~~ of title 47
7 ~~(section 3(o))~~ of the Communications Act of 1934, as
8 ~~amended~~ *amended*."

[Report No. 1622]

A BILL

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

By Mr. Poage

MARCH 13, 1962

Referred to the Committee on Agriculture

APRIL 18, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

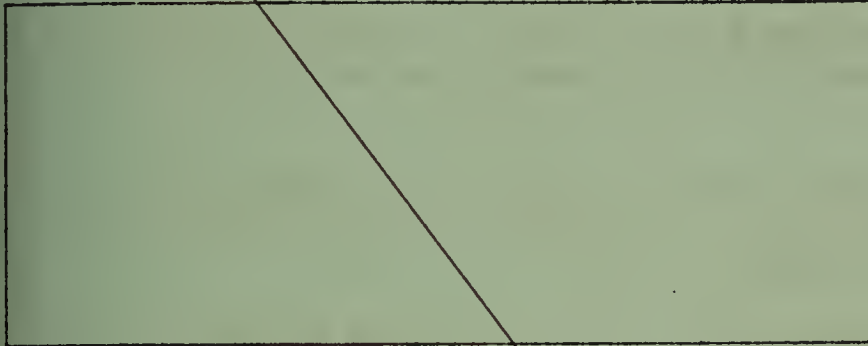
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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(For information only;
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Issued May 8, 1962
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87th-2d, No. 72



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HIGHLIGHTS: Sen. Williams, Del., urged investigation of Billie Sol Estes relations with this Department. House passed bill to permit soil bank equipment to be used for State forestry work.

HOUSE

1. FARM PROGRAM. The "Daily Digest" states that the Agriculture Committee "Met in executive session on H. R. 11222, the general farm bill. No announcements were made, and the committee adjourned subject to call of the Chair." p. D340
2. SOIL CONSERVATION. Agreed to without amendment S. Con. Res. 62, commemorating the twenty-fifth anniversary of the establishment of soil conservation districts. p. 7230
3. PERSONNEL. Passed as reported H. R. 8564, to amend the Federal Employees' Group Life Insurance Act of 1954 to provide for escheat of amounts of insurance to the insurance fund under such Act in the absence of any claim for payment. p. 7228
4. FORESTRY. Passed under suspension of the rules H. R. 9736 to permit States which have been cooperating with the Federal Government in the production of forest tree seedlings for planting on conservation reserve land to continue

to use the facilities, materials, equipment, and improvements provided cooperatively by the Federal Government for the production of such seedlings, in producing seedlings which will be needed to attain the objectives of other related programs. pp. 7229, 7232-3

5. MINERALS. Passed as reported H. R. 10566, to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Arizona. pp. 7226, 7231-2
6. DAIRY; REPORTS. Passed without amendment H. R. 4083, to reduce the frequency of reports required of the Veterans' Administration on the use of surplus dairy products. p. 7231
7. LANDS; FORESTRY. Passed without amendment H. R. 8434, to authorize the Secretary of Agriculture to sell and convey a certain parcel of forest land to the city of Mount Shasta, California. p. 7231
8. COOPERATIVES. Passed without amendment H. R. 10374, to amend section 6 of the Agricultural Marketing Act of 1929, as amended, so as to reduce from \$500,000 to \$150,000 the revolving fund available for subscriptions to capital stock of the banks for cooperatives. p. 7231
9. SEEDS. At the request of Rep. Poage, passed over without prejudice H. R. 5546, to amend the Federal Seed Act, as amended, so as to prohibit the importation of any type of seed screenings. p. 7231
10. ELECTRIFICATION. At the request of Rep. Saylor, passed over without prejudice H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. p. 7230
11. MARKETING PENALTIES. At the request of Rep. Pelly, passed over without prejudice H. R. 10594, to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that no penalty shall be collected with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation. pp. 7229-30
12. SCHOOL LUNCH. At the request of Rep. Ford, passed over without prejudice H. R. 8962, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. p. 7224
13. METRIC SYSTEM. On objection of Reps. Gross, Ford, and Hall, passed over H. R. 2049, to provide that the National Bureau of Standards shall conduct a program of investigation, research, and survey to determine the practicability of the adoption of the U. S. of the metric system of weights and measures. p. 7223
14. YOUTH CONSERVATION. Rep. Perkins inserted an article on the Youth Conservation Corps, "Youth's Other Corps." pp. 7236-7
15. TRANSPORTATION. Rep. Wallhauser discussed the transportation problem, saying "It is important that we come to grips with it at the earliest possible moment...To neglect the transportation system that carries the economic bloodstream is to risk national paralysis." pp. 7235-6

thus is higher than it might otherwise be if the area were enlarged. They presented to us the argument that if the building area were enlarged within which they could acquire building sites, this would not only let them acquire outside space but give them a better competitive bid within the present area.

Mr. GROSS. Is this actually a limitation or is it an expansion of the area in which the Federal Government can move?

Mr. McFALL. Well, it is both.

Mr. GROSS. That is what I thought.

Mr. McFALL. It is an expansion of the present limitation to a larger limited area.

Mr. GROSS. That is what I thought. The bill indicates strictly a limitation.

Mr. BALDWIN. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. BALDWIN. I think it should be pointed out that even if this bill is passed the General Services Administration still has to follow the procedure of submitting its specific request to the House and the Senate Public Works Committees for approval, so that congressional action still would be required. The area is now practically filled up with buildings, and therefore it no longer gives them any choice of building sites.

Mr. GROSS. I am pleased the gentleman anticipated my question as to whether General Services would still have to come to the Congress for authorization to acquire additional property, and the gentleman is saying that is true?

Mr. BALDWIN. That is correct.

Mr. GROSS. In other words, my question would have been, in the absence of the gentleman's statement, is this designed to permit the Federal Government to go into Foggy Bottom, for instance, and purchase land for the so-called Cultural Center that it is proposed to be established at a cost of something like \$75 million? Does this have anything to do with that?

Mr. BALDWIN. This does not have anything to do with any specific request and does not remove the General Services Administration from congressional approval for any purchase that they desire to make. They still have to come to the Congress for any specific request they need.

Mr. GROSS. I appreciate the gentleman's statement. I withdraw my reservation of objection, Mr. Speaker.

Mr. HALEY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

COMPACT RELATING TO THE LITTLE MISSOURI RIVER

The Clerk called the bill (S. 1139) to amend the act granting the consent of Congress to the States of Montana, North Dakota, South Dakota, and Wyoming to negotiate and enter into a compact relating to the waters of the Little Missouri

River in order to extend the expiration date of such act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Act entitled "An Act granting the consent of Congress to the States of Montana, North Dakota, South Dakota, and Wyoming to negotiate and enter into a compact relating to their interest in, and the apportionment of, the waters of the Little Missouri River and its tributaries as they affect such States, and for related purposes", approved August 28, 1957 (71 Stat. 466), is amended by striking out "four years" and inserting in lieu thereof "eight years."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELATING TO THE SUN RIVER PROJECT, MONTANA

The Clerk called the bill (S. 2132) to approve the revised June 1957 reclassification of land of the Fort Shaw division of the Sun River project, Montana, and to authorize the modification of the repayment contract with Fort Shaw Irrigation District.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the June 1957 reclassification of land of the Fort Shaw division of the Sun River project Montana, as revised in September 1959, is approved.

SEC. 2. The Secretary of the Interior is authorized, pursuant to article 8(i) of the Act of August 4, 1939 (53 Stat. 1187), to modify the contractual obligation of the Fort Shaw Irrigation District by deducting from such obligation the amount of the unmatured construction charges as of the date of this Act against five hundred thirty-one and seventy-seven one-hundredths acres classified in a paying class under the Act of May 25, 1926 (44 Stat. 636), and found to be permanently unproductive; and the contractual obligation of the Fort Shaw Irrigation District shall, by reason of a finding that thirty-four and seventy-four one-hundredths acres of land, previously classed as permanently unproductive, possess sufficient productivity to be placed in a paying class, be increased in the sum of \$1,193.67.

With the following committee amendment:

Page 1, line 7, strike out the word "article" and insert in lieu thereof "section".

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONTRACT WITH THE BURLEY IRRIGATION DISTRICT, OHIO

The Clerk called the bill (H.R. 9647) to authorize the Secretary of the Interior to enter into an amendatory contract with the Burley Irrigation District, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to execute on behalf of the United States the amendatory contract with the Burley Irrigation District negotiated pursuant to section 7 of the Reclamation Project Act of 1939 (53 Stat. 1187; 1958 edition, sec. 485f) and approved by the districts' electors on April 18, 1961.

SEC. 2. The Secretary is further authorized to negotiate with and enter into an amendatory contract with the Minidoka Irrigation District on a similar basis as set out in section 1, to coordinate his operation of the power facilities on the Minidoka project with the power facilities of other Federal installations in the Snake River and to account for the return of the reimbursable allocations of these installations in accordance with the Federal reclamation laws.

SEC. 3. The provisos appearing in the portion of the "Interior Department Appropriation Act, 1940" (Act of May 10, 1939) (53 Stat. 685 at page 716), relating to the Minidoka project and the portion of the Act of May 10, 1926 (44 Stat. 453 at page 480), relating to the Minidoka project are hereby repealed.

SEC. 4. This Act is declared to be a part of the Federal reclamation laws as those laws are designed in the Reclamation Project Act of 1939, supra.

With the following committee amendments:

Page 1, lines 6 and 7, strike out "(53 Stat. 1187; 1958 edition, sec. 485f)" and insert in lieu thereof "(53 Stat. 1187; 43 U.S.C., 1958 edition, sec. 485f)".

Page 2, line 4, strike out the words "Federal installations in the Snake River", and insert in lieu thereof "Reclamation project installations in the Snake River Basin,".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFER OF FOREST TREE NURSERY FACILITIES TO STATES

The Clerk called the bill (H.R. 9736) to authorize the Secretary of Agriculture to permit certain property to be used for State forestry work, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, it is my understanding that this bill is scheduled for consideration under suspension of the rules this afternoon.

Mr. Speaker, I therefore withdraw my reservation and ask that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

MARKETING OF EXPERIMENT STATION CROPS

The Clerk called the bill (H.R. 10594) to amend section 372 of the Agricultural Adjustment Act of 1938, as amended.

with respect to privately owned non-profit agricultural research and experiment stations or foundations.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. PEDDY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

RURAL TELEPHONE SERVICE

The Clerk called the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, picturers, writing, or signs of all kinds through the use of electricity.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas [Mr. POAGE] several questions concerning this legislation.

What is the purpose of this particular proposal?

Mr. POAGE. Primarily, the purpose of this legislation is to allow small villages in rural areas to receive better TV connections for their schools.

Mr. Speaker, we have at the present time, I believe, some five communities in South Carolina which have suggested that if they had this power they would extend to their rural schools the necessary lines to bring TV programs to their rural schools.

I know that many of us fail to recognize that there are vast areas of the United States which do not receive direct TV service. From my area west, we generally try to rectify that situation by what we call central transmission TV or community antenna television, that is, they erect a central tower high enough to receive stations which are not available to the ordinary householder, and then distribute these signals to the public by means of cables—ordinarily at a charge of about \$6 per month, but these commercial central transmission companies are not in a position to give this service in rural areas. That is the purpose of this bill—to provide a method of transmitting TV to rural schools.

In order to reach these rural schools you have to have somebody who will provide lines to them, because one must keep in mind that we cannot provide microwave facilities to those rural schools. In other words, this allows the telephone companies and the telephone cooperatives that are borrowing money from the REA—incidentally, there are twice as many telephone companies as there are cooperatives involved—for the purpose of extending these lines.

Mr. Speaker, the Central Transmission TV groups found some objection to this and feared that it might open the door in some way to providing service within the more populous areas and thereby provide competition with them. I have agreed with representatives of these central transmission TV service or CAT to offer, if we can bring the bill

to the floor of the House for consideration, an amendment which is as follows:

On page 2, line 5, after "facilities," insert "or community antenna television system services or facilities other than those intended for educational purposes."

This we understand would clearly limit and prohibit any use of this facility which might be in competition with any kind of private operation. Under this limitation it would be clear that this bill would be available only where somebody wanted to take service to schools or hospitals for educational purposes. It could not be taken anywhere else.

Frankly, I cannot see a penny of profit in it to anybody, but the cooperating telephone companies and cooperatives have, in some instances at least, expressed a willingness to provide this service along with their other service if it could be included in the REA loan.

Mr. FORD. This amendment that I have in my hand, which a member of the staff brought to me, is the amendment to which the gentleman refers.

Mr. POAGE. Our counsel tells me the gentleman has an exact copy of the amendment. That copy has been accepted by the Association of Community Antenna Television, and it is what I propose to offer.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SAYLOR. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DEPOSIT OF FUNDS ON BANKRUPTS' ESTATES

The Clerk called the bill (H.R. 10204) to amend section 47 of the Bankruptcy Act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (2) of the first paragraph of section 47 of the Bankruptcy Act (11 U.S.C. 75(a)(2)) is amended to read as follows:

"(2) deposit all money received by them in designated depositories initially in demand deposits; and subsequently, if authorized by the court, in interest-bearing savings deposits, time certificates of deposit, or time deposit open account;"

With the following committee amendment:

On line 10, strike the word "deposit" and insert "deposits".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TWENTY-FIFTH ANNIVERSARY OF SOIL CONSERVATION DISTRICTS

The Clerk called the concurrent resolution (S. Con. Res. 62) commemorating

the 25th anniversary of the establishment of soil conservation districts.

There being no objection, the Clerk read the concurrent resolution, as follows:

Whereas the strength of a community and of a nation lies largely in its agricultural base; and

Whereas in the twenty-five years since the first State soil conservation district law was passed in Arkansas and the first soil conservation district was chartered in Anson County, North Carolina, on August 4, 1937 (known then, and still known, as the Brown Creek Soil Conservation District), the soil conservation districts' local units of State government, have worked and will continue to work steadily to improve and safeguard the productive croplands, the waters available for agriculture, and the grasslands, woodlands, and wildlife; and

Whereas State conservation districts in all States (now numbering two thousand nine hundred and encompassing 96 percentum of all the agricultural land) by providing a means for concerted effort to control soil erosion, save water, and husband soil fertility, have been instrumental in increasing the efficiency of farming and permitting land-use changes much needed for a permanently safe and productive agriculture: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress hereby acknowledges the debt owed the soil conservation districts, expresses its appreciation of, its gratitude to, and its pride in these districts which are the custodians of the Nation's agricultural lands, and extends its congratulations to the fifteen thousand nonsalaried supervisors, commissioners, and directors of soil conservation districts and the thousands of their predecessors who pioneered in this remarkable demonstration of self-government and grassroots democracy.

The Senate concurrent resolution was concurred in, and a motion to reconsider was laid on the table.

WHITE HOUSE POLICE FORCE

The Clerk called the bill (H.R. 11261) to authorize an adequate White House Police force, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, do I understand that this calls for an increase of 80 policemen to the 170 already stationed at the White House?

Mr. McFALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. McFALL. That is correct. It raises it to 250 from 170.

Mr. GROSS. If I remember the campaign of 1960 correctly, we heard a lot of talk from President Kennedy about the increase in Federal employment that had taken place under the Eisenhower administration. We heard how they, the Kennedy administration would cut down on employment in the Federal Government. Now we find a demand for an increase from 170 to 250 in the police force of the White House. What do they do with 170 police in the White House?

Mr. McFALL. Mr. Speaker, will the gentleman yield further?

Mr. GROSS. This is in addition to the Secret Service, is it not?

Mr. McFALL. That is correct. This is the information presented to the committee. Originally the request from the

HOUSE

10. **ELECTRIFICATION.** The Rules Committee reported a resolution for the consideration of H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. p. 7818
11. **MARKETING PENALTIES.** The Rules Committee reported a resolution for the consideration of H. R. 10594, to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that no penalty shall be collected with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation. p. 7818
12. **FARM PROGRAM.** Rep. Pelly said, "A prompt and full investigation of the Department of Agriculture is called for. The Secretary should explain or resign." p. 7781
Rep. Findley said, "The evidence produced in the Billie Sol Estes case makes it mandatory that the Committee on Agriculture investigate the matter and not leave the job to the other body and to the press." p. 7781
13. **CENTENNIAL.** Rep. Shriver discussed the USDA centennial and said, "It ... is my hope that they will be as successful in removing Government controls from agriculture in the next 100 years, as they have been in instituting them in the past 100 years." p. 7810
14. **TRANSPORTATION.** Conferees were appointed on S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor common carriers operating within a single State to engage in interstate or foreign operations within the State. Senate conferees have already been appointed. p. 7793
15. **PUBLIC WORKS.** Rep. Johansen criticized the bills to provide for Presidential standby authority to accelerate public works programs in periods of depression or increased unemployment. pp. 7810-1
16. **FOOD INDUSTRY.** Rep. Patman inserted a speech by the president of Campbell Soup Co., "Growth in the Food Industry." pp. 7802-5
17. **STOCKPILING.** The Armed Services Committee reported without amendment H. Con. Res. 473, providing the express approval of the Congress for the disposition of certain materials from the national stockpile (H. Rept. 1677). p. 7818
18. **COTTON.** The Armed Services Committee reported with amendment H. R. 10595, to facilitate the sale and disposal of Government stocks of extra long staple cotton in the national stockpile (H. Rept. 1680). p. 7818
19. **WATER POLLUTION.** The Judiciary Committee reported with amendments H. R. 10617, providing that the U. S. district courts shall have jurisdiction of certain cases involving pollution of interstate river systems, and providing for the venue thereof (H. Rept. 1681). p. 7818
20. **TERRITORIES.** The Armed Services Committee voted to report (but did not actually report) H. R. 10937, to amend the act providing for economic and social development in the Ryukyu Islands. p. D370

21. CIVIL DEFENSE. The Armed Services Committee voted to report (but did not actually report) H. R. 11743, to amend the provisions of title 3 of the Federal Civil Defense Act of 1950. p. D370

ITEMS IN APPENDIX

22. FOOD. Extension of remarks of Rep. Cunningham inserting excerpts from a speech by the President of Campbell Soup Co., "Growth in the Food Industry." pp. A3588-9
23. ECONOMICS. Extension of remarks of Sen. Wiley inserting an article, "Venture Management and National Growth," and stating that it "reflects a business-eye view of trends and challenge in our economy." pp. A3591-3
24. FARM PROGRAM. Extension of remarks of Rep. Ashbrook criticizing the Washington Post for their article, "Estes Gifts Denied By Two In House," and stating that it is a "graphic example in its columns of downright irresponsible journalism." p. A3594
Extension of remarks of Rep. Cohelan inserting an article, "The Turning of a Century," and stating that "it merits the attention of all of us who are deeply interested in the technological developments which have taken place in agriculture." pp. A3623-6
25. FOREIGN TRADE. Extension of remarks of Rep. Avery inserting an address by Hon. Alf M. Landon, "Building World Trade and Peace." pp. A3601-3
Extension of remarks of Rep. Price, Ill., inserting two articles in support of the Administration's trade bill. pp. A3604-5
Extension of remarks of Sen. Williams, N. J., inserting an article which "describes the crucial importance of the President's trade program." p. A3611
26. DAIRY. Extension of remarks of Rep. Quie inserting an editorial, "Freeman's Saddest Day," that "graphically states both the present situation concerning dairy prices and the past causes of that situation." p. A3610
27. RIVER BASIN. Extension of remarks of Rep. Shipley inserting an article discussing the Wabash Valley Association, "A Group With a Purpose." pp. A3611-3
28. AREA REDEVELOPMENT. Extension of remarks of Rep. Gubser inserting an article, "Must We Be Depressed Whether We Like It or Not?" pp. A3617-8
29. BUDGETING. Extension of remarks of Rep. Dingell inserting an editorial, "New Concepts of Financial Management." p. A3629

BILLS INTRODUCED

30. PERSONNEL. H. R. 11753, by Rep. Beckworth, to provide for the payment of certain amounts and restoration of employment benefits to certain Government officers and employees improperly deprived thereof; to Post Office and Civil Service Committee.
H. R. 11754, by Rep. Cohelan, to amend the Civil Service Retirement Act to provide for the adjustment of inequities; to Post Office and Civil Service Committee.
H. R. 11767, by Rep. Zelenko, to amend section 33 of the Federal Employees' Compensation Act to provide a system of safety rules, regulations, and safety inspection and training; to Education and Labor Committee. Remarks of author. p. A3614

CONSIDERATION OF H.R. 10708

MAY 15, 1962.—Referred to the House Calendar and ordered to be printed

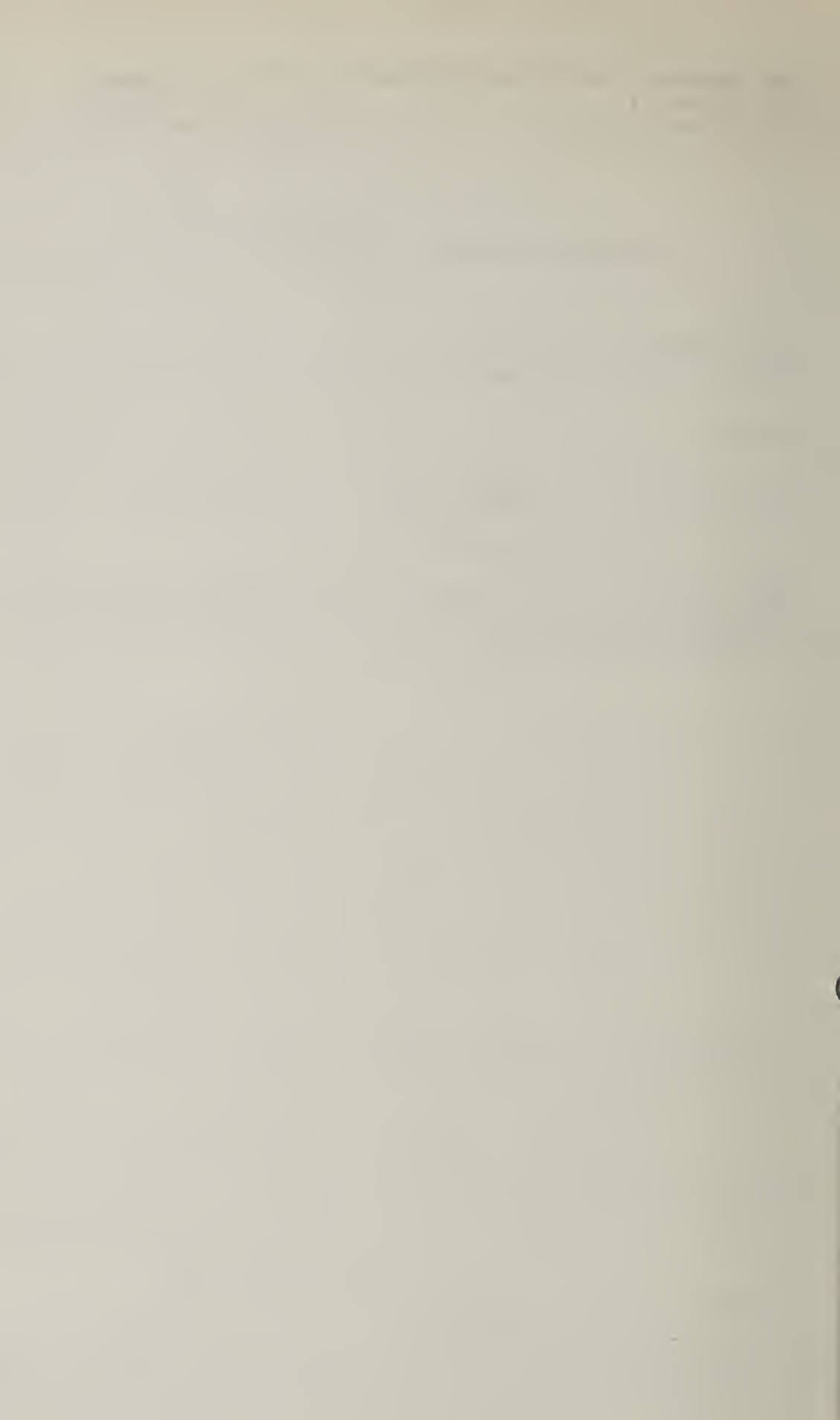
Mr. MADDEN, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 642]

The Committee on Rules, having had under consideration House Resolution 642, report the same to the House with the recommendation that the resolution do pass.

○



House Calendar No. 226

87TH CONGRESS
2^D SESSION

H. RES. 642

[Report No. 1683]

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1962

Mr. MADDEN, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for the consideration of the bill (H.R. 10708) to amend sec-
5 tion 203 of the Rural Electrification Act of 1936, as amended,
6 with respect to communication service for the transmission of
7 voice, sounds, signals, pictures, writing, or signs of all kinds
8 through the use of electricity. After general debate, which
9 shall be confined to the bill, and shall continue not to exceed
10 one hour, to be equally divided and controlled by the chair-
11 man and ranking minority member of the Committee on Agri-
12 culture, the bill shall be read for amendment under the five-

1 minute rule. At the conclusion of the consideration of the
2 bill for amendment, the Committee shall rise and report the
3 bill to the House with such amendments as may have been
4 adopted, and the previous question shall be considered as or-
5 dered on the bill and amendments thereto to final passage
6 without intervening motion except one motion to recommit.

House Calendar No. 226

87TH CONGRESS
2^D SESSION

H. RES. 642

[Report No. 1683]

RESOLUTION

Providing for the consideration of H.R. 10708,
a bill to amend section 203 of the Rural
Electrification Act of 1936, as amended,
with respect to communication service for
the transmission of voice, sounds, signals,
pictures, writing, or signs of all kinds
through the use of electricity.

By Mr. MADDEN

May 15, 1962
Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued May 18, 1962
For actions of May 17, 1962
87th-2d, No. 79

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HIGHLIGHTS: Senate passed bill for agricultural import restrictions on nonparticipating countries in multilateral trade agreements. Sen. Williams, Del., defended his charge of mistreatment of USDA employee in Estes case. Senate subcommittee agreed to hold hearings on Estes case. Sen. Proxmire criticized USDA proposed feed grains program. Sen. McNamara urged hospital insurance program for rural people. Sen. McGee criticized meat buying practices of chainstores. Senate passed bill to extend certain Federal programs to American Samoa. Rep. Michel inserted article criticizing feed grain program. Rep. Alger criticized administration's farm program and inserted article.

HOUSE

1. ELECTRIFICATION. Passed with amendment H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. Agreed to an amendment by Rep. Poage, as amended by Rep. Saylor, to prohibit REA telephone borrowers from providing community antenna television system services except closed circuit television for educational purposes. pp. 7938-9, 7940-5

2. COTTON. The report of the Armed Services Committee on H. R. 10595, to authorize the disposal of the remaining stock of extra long staple cotton in the national stockpile, includes the following statements:

"This proposed legislation, with the minor committee amendments, authorizes the sale of the remaining 219,000 bales of stockpile extra long staple cotton. The Department of Agriculture is given custody and sales authority. The Secretary, however, will not be required to obtain the concurrence of other interested departments and agencies in establishing periodical foreign disposal quotas and will be required to sell the foreign cotton at world market prices. The portion of the total consisting of about 47,500 bales of domestic grown cotton is to be sold domestically at not below the same minimum price for current sales of domestic production. The foreign-grown cotton consisting of about 172,000 bales is to be sold abroad, either commercially or by the use of the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). Foreign disposals will not count as exports in establishing national marketing quotas. Net sales proceeds are to be transferred to the miscellaneous receipts of the Treasury. ***

"The disposal agency, the Commodity Credit Corporation, will have exclusive custody and jurisdiction over the stockpile cotton as a result of amendments 1 and 2. Prior to this change, the Commodity Credit Corporation was to have custody of the domestically produced cotton in the stockpile and the General Services Administration would retain custody of the foreign-produced cotton in the stockpile. Having two custodial agents because of the place of origin of the cotton could be justified only if there were special contributions which each might make. In this case, since the Commodity Credit Corporation is the disposal authority and since the Commodity Credit Corporation is engaged in storing and selling its own inventories, good administration calls for the Commodity Credit Corporation to have custody of all the cotton.

"The third amendment proposed by the Office of Emergency Planning would have required the Secretary of Agriculture to obtain the concurrence of other U. S. departments or agencies in the event he sought to sell the foreign-grown cotton below the world market price.

"The Committee on Armed Services approved that portion of the proposed amendment which authorizes the Secretary of Agriculture to dispose of the foreign grown cotton at not less than the world market price as determined by the Secretary of Agriculture. However, the committee declined to require that the Secretary obtain the concurrence of other departments or agencies in the sale or disposal of the foreign grown cotton, and declined to authorize the sale of such foreign grown cotton at less than the world market price. However, the Secretary of Agriculture may determine the world market price. ***

"Prompt enactment of this legislation will make it possible for the Department of Agriculture to take advantage of an unusual market situation. The principal producer and exporting nation -- Egypt -- this past year experienced a production decline of almost 40 percent, primarily traceable to insect infestation and flooding. While the Sudan had a substantial increase in production which covered much of the production loss in Egypt, the supply/demand is undoubtedly more favorable to disposal than it would be in an otherwise normal year."

Gallery floor: Seven Committee on Appropriations rooms, one large store-room, one library room, three lavatories; double stairway from attic—Atomic Energy Committee—to principal floor; marble corridor to center of the Capitol.

Principal floor: Speaker's suite of four large rooms, two lavatories, two large rooms—at present unoccupied—double stairway from principal to first floor; marble floor to center of the Capitol; reception room—not completed; parquet floors will require daily waxing.

First floor: One large room with lavatory, one room, suite of three large rooms—office of the Clerk; marble corridor to center of Capitol; double stairway to basement.

The Senate janitor has all of the Atomic Energy Committee on the attic floor.

Carpeting in each room must be vacuumed daily.

Marble floors and stairs must be swept and mopped daily.

All lavatories must be mopped daily.

All three floors must be policed and picked up thrice daily.

Additional trash carted in trucks to baling room and trucks returned to Capitol.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield.

Mr. GROSS. Are these people to be employed as an additional force in this new plush part of the east front of the Capitol?

Mr. FRIEDEL. That is correct.

Mr. GROSS. Do you suppose these employees would have time to put some names on the doors? All I can find are just numbers on the doors. I do not know who has any of these rooms. I am sort of curious to find out who has all those plush quarters over there. I cannot find any names on the doors. It is very unsatisfactory to anyone going there to have nothing but numbers and no names.

Mr. FRIEDEL. I would think it would be up to the Doorkeeper to make proper provision for identification of the rooms.

Mr. GROSS. Under whose jurisdiction will these employees be?

Mr. FRIEDEL. Under the jurisdiction of the Doorkeeper.

Mr. GROSS. I wonder if the gentleman's Committee on House Administration will give some consideration to bringing under one head or substantially so, these employees in the Capitol. As I understand one side of the corridor might be cleaned by employees under the jurisdiction of the Doorkeeper and the other side by an employee under the jurisdiction of the Architect or some other officer. Does not the gentleman think somebody ought to give a little attention to this diversified control so we will know who they are and what they are supposed to be doing and so forth?

Mr. FRIEDEL. I want to assure the gentleman that the committee gave very serious consideration to bringing them under one head. As it is now, some are employed under the Architect of the Capitol, some under the Doorkeeper, and some under the Clerk, and then others

of course are employed on the Senate side.

Mr. GROSS. And some under the Superintendent of Buildings.

Mr. FRIEDEL. Yes. Some under the Superintendent of Buildings. We are working on that now and hope to come up with one uniform plan of employment, getting all employees in this category under one head.

Mr. GROSS. I hope the gentleman has success in this enterprise.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield.

Mr. HALLECK. Mr. Speaker, reference has been made to the new rooms in the east front of the Capitol. I think in all fairness I should state that as that work was progressing former Speaker Rayburn said he would assign a room to me to be used by the minority. That room number, for the benefit of the gentleman from Iowa, is HE-203. It does not carry my name, it does not carry any name. Let me say here and now that Mr. Rayburn assigned that room to me for minority use. It was carried out by Speaker McCormack, for which I thank him, as I thank former Speaker Rayburn. I might also say that the room is used almost every day. It is used by our policy committee, it is used for leadership meetings and all sorts of other meetings involving Republican Members of the House. Let me emphasize that we all appreciate it. It is very helpful to us, and I do not want to let this opportunity go by without saying I am glad we have the room.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SUBCOMMITTEE ON EDUCATION

Mr. MOSS. Mr. Speaker, I ask unanimous consent that the Special Subcommittee on Education of the House Committee on Education and Labor may be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

MARKETING OF EXPERIMENT STATION CROPS

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 641 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10594) to amend section 372 of the Agricultural Adjustment Act of 1938, as amended, with respect to privately owned nonprofit agricultural research and experiment stations or foundations. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for

amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommitt.

Mr. MADDEN. Mr. Speaker, House Resolution 641 provides for the consideration of H.R. 10594, a bill to amend section 372 of the Agricultural Adjustment Act of 1938, as amended, with respect to privately owned nonprofit agricultural research and experiment stations or foundations. The resolution provides for an open rule with 1 hour of general debate.

The purpose of H.R. 10594 is to extend to privately owned nonprofit agricultural research and experiment stations or foundations the same exemption from marketing quotas which now applies to publicly owned agricultural experiment stations. The Agricultural Adjustment Act of 1938 has provided for several years that crops which are grown for experimental purposes by publicly owned agricultural experiment stations may be marketed even though such crops were grown in excess of any acreage allotment which the experiment station might have. There are a few privately endowed and operated agricultural experiment stations in the United States which should have the same exemption from the marketing quota provisions.

The exemption from marketing quota penalties extends only to crops which are grown for experimental purposes. Such crops will not be eligible for price support, if grown in excess of any allotment the experiment station may have, and the granted exemption will merely mean that these crops may be sold on the open market for whatever they may bring, and will not have to be destroyed to avoid conflict with the marketing quota provisions of the 1938 act.

Since any crops covered by this exemption would not be eligible for price support, there would be no additional cost to the Federal Government as a result of this legislation.

Mr. Speaker, I urge the adoption of House Resolution 641.

Mr. Speaker, I now yield 30 minutes of my time to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the gentleman from Indiana [Mr. MADDEN] has fully explained the purpose of the legislation covered by this rule. There is no objection to the rule, although there may be some comment in order on the bill itself.

As the gentleman from Indiana [Mr. MADDEN] pointed out to you, this bill would authorize privately owned experimental stations to engage in the development and experimentation of crops and varieties of crops and would permit them to sell these crops on the market without a marketing penalty. This they cannot do under present law. I have no objection to this, and I think probably the legislation is in order. I would like to remind the Members of the House

that there are some rather substantial nonprofit experimental stations in operation, and I think we ought to make the record abundantly clear here today that this should not be construed as an invitation to them to engage in some sort of quasi-experimental operation, then use this opportunity to place that production on the open market in unreasonable quantities or volumes.

Now, I had suggested to the chairman of the subcommittee, the gentleman from Texas [Mr. POAGE] that perhaps an amendment should be offered to the bill placing a limit on each crop that could be raised or harvested by any such privately owned nonprofit experimental station, in order that this would not develop into a commercial type of operation. The gentleman from Texas agreed with me that some kind of limitation would be in order. Then, for various reasons that we later discussed, such an amendment would become burdensome from an administrative standpoint. Therefore, I am not going to offer an amendment placing such a limitation on the bill.

However, there are two or three statements that should be made: No. 1, I want the record to be abundantly clear here today—and I think the gentleman from Texas is in agreement with me—that if this bill passes, next year the Department of Agriculture should advise the House Committee on Agriculture as to the extent of participation under the authority granted under this bill. In other words, one, how many such nonprofit experimental stations are there and, two, how many total acres are engaged in experimental development and the number of acres in each particular crop.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I will be glad to yield to the gentleman from Texas.

Mr. POAGE. I would like to have it understood that I do agree with the gentleman from Kansas. I think his original suggestion has merit, that there seems to be a little difficulty in administration, and I believe that the report that he suggested—which I am sure our committee will be glad to ask for—will give the information we need, and there cannot be any substantial abuse under that procedure.

Mr. AVERY. And the gentleman will further agree that if this report does reveal that there is determined to be an unreasonable production, that we will reconsider it?

Mr. POAGE. I agree with the gentleman, and if there appears to be any large or unreasonable acreage, we will try to cut it down.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I will be glad to yield to the ranking minority member of the committee, the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. I want to concur in what has been said by the gentleman from Kansas and the gentleman from Texas. The gentleman from Kansas discussed this amendment with me, and as far as I was concerned, I was ready to accept it, but in view of some of the

difficulties pointed out, I think it is the expressed desire to defer action to see how it will operate. If it gets out of hand, I assure the gentleman from Kansas I shall be ready to support the type of amendment he has in mind.

Mr. AVERY. Mr. Speaker, I would like to make one or two additional comments: One is that this legislation should not be interpreted by any such nonprofit experimental station to authorize them or to infer that they should in any way engage in production beyond what is considered to be reasonable for experimental purposes and certainly should not engage in the area of commercial production. No. 2, I would like to, at least from my own point of view, point out this fact. I cannot speak for the committee or the House, obviously, but I would not want this to be understood as meaning there would be any "grandfather rights" conferred on them by experience after the passage of this bill. Since we are deferring limitation, it does not mean that just because, for example, they might elect to plant 2,000 acres in any one crop this year, and we decided later that it was unreasonably large, Congress would not be obligated to recognize that number of acres as a base on a normal operation.

Mr. Speaker, I have no further requests for time.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RURAL TELEPHONE SERVICE

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 642, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from Kansas [Mr. AVERY] and pending that I yield myself such time as I may consume.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, House Resolution 642 provides for the consideration of H.R. 10708, a bill to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity. The resolution provides for an open rule with 1 hour of general debate.

The purpose of H.R. 10708 is to bring up to date the definition of telephone service which appears in that portion of the Rural Electrification Act authorizing loans for the development of rural telephone service. The present definition is limited to "service whereby voice communication through the use of electricity between the transmitting and receiving apparatus is the principal intended use thereof." Since 1949, when the law was enacted, the development and common use of closed circuit picture, data, and signal transmission has made this type of service an increasingly larger part of normal telephone operations.

The bill would amend the 1949 definition to include the transmission of "sounds, signals, pictures, writing, or signs of all kinds" as part of the definition of telephone service. It would permit REA telephone loans to include funds for the lines and facilities used to transmit such signals.

The bill does not change any other requirement respecting REA rural telephone loans and retains without change the definition of rural areas, the requirement for full area coverage, and the prohibition of loans for telegraph facilities or radio broadcasting services or facilities.

Mr. Speaker, I urge the adoption of House Resolution 642.

Mr. AVERY. Mr. Speaker, again, my distinguished colleague, the gentleman from Indiana [Mr. MADDEN] has very adequately explained the resolution and the bill which the resolution makes in order for consideration. I can only add that it is my understanding that there will be an amendment offered to this bill when the House is resolved into the Committee of the Whole. I think the gentleman from Texas [Mr. POAGE] has an amendment which the gentlemen will then offer.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I am happy to yield to the distinguished gentleman from Texas.

Mr. POAGE. The gentleman is correct; an amendment will be offered.

Mr. AVERY. Mr. Speaker, there was some objection to this bill because it was not clear as it is presently written as to just how far the REA might go in the way of providing facilities in the area of picture communications. The amendment, as I understand it, will limit it strictly to educational facilities which they will provide and make available to such public or private users as might be willing to purchase that service from their existing customers. For that matter, I presume, new customers might also develop in the areas which they serve.

Under that circumstance, Mr. Speaker, I know of no objection to the rule, or any objection to the bill.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield to me?

Mr. AVERY. I yield to the distinguished gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Is there anything in this bill that will allow the REA's to operate television stations?

Mr. AVERY. No. I might say to the gentleman from Pennsylvania [Mr. SAYLOR], that it is my understanding—and I am sure this will be made abundantly clear during the debate on the floor of the House today—that this only authorizes them to become engaged in the transmission of signals, the same as they are presently authorized to do. Now they can transmit only sound signals. This would only expand that operation to the point where they could transmit the pictures as well as the sound, but only to the extent that such transmission would be related to educational television.

Mr. SAYLOR. Will the gentleman yield further?

Mr. AVERY. I yield to the gentleman.

Mr. SAYLOR. Do we know that this is not a case of getting the nose of the camel under the tent; that as soon as they begin to broadcast educational services we will soon be told that this is not sufficient, and we will then have to give the REA's the authority to go into the business of setting up television stations all over the country without any requirement that they secure permission of the FCC?

Mr. AVERY. I think the gentleman's question is certainly in order. However, I would assure the gentleman that I know of no such intention on the part of the sponsors of this bill to in any way establish a precedent whereby the REA might subsequently become engaged in the function of broadcasting of educational or any other kind of programs. In the first place, it would not be feasible, I am sure the gentleman would agree.

Since the bill clearly states that this is just an authorization for transmission, while I cannot assure the gentleman that there will not be such a request for broadcasting, I can assure him that the gentleman from Kansas presently addressing the House will stand beside him and oppose any such effort. It is clearly beyond the intent of this legislation.

Mr. SAYLOR. Mr. Speaker, I might say to my colleague from Kansas that feasibility is the last thing REA worries about. We have made them a nice arrangement whereby we lend them money at 2 percent, and they take it and instead of investing it in the facilities for which they were created, they turn around and invest the money in Government bonds, and pay a nice dividend to their stockholders or to the people whom they service.

Mr. AVERY. Their patrons.

Mr. SAYLOR. Their patrons, yes; but also stockholders since the REA's make loans to telephone companies. It has come to my attention that they have

gone so far that in northeastern Pennsylvania a firm that is in the process of determining whether or not they should locate in northern New Jersey or in northeastern Pennsylvania, one of the enticing things that has come to their attention is that an REA has come along and told this firm that if they will locate in the service area of this REA they will be glad to lend them money at 2 percent for the erection of their building and for the acquisition of all of their property. Certainly this was never the intention behind the REA. It was never the intention of Congress in establishing it or authorizing these extensions even in the area redevelopment bill. It is perversions such as this that have caused REA to come under a cloud.

Mr. AVERY. Mr. Speaker, I can only respond to the gentleman from Pennsylvania by saying that I hardly believe that this is the appropriate time to review the present activities of the Rural Electrification Administration. I am not aware of the situation the gentleman has mentioned nor am I in a position to pass judgment. I do know that the REA has provided a tremendous service to the rural areas of America. I think it is appropriate that authority be limited to the extent included in this bill, and as it has been recited and explained here today. I remind the gentleman that I would certainly view with apprehension the development of becoming engaged in establishing a broadcasting facility.

Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MARKETING OF EXPERIMENT STATION CROPS

Mr. POAGE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10594) to amend section 372 of the Agricultural Adjustment Act of 1938, as amended, with respect to privately owned nonprofit agricultural research and experiment stations or foundations.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10594, with Mr. DENTON in the chair.

Mr. POAGE. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I do not think it is necessary to engage in a long discussion of this legislation which has so recently been discussed in the House in consideration of the rule.

Basically, the legislation simply provides that we should apply to nonprofit, privately owned agricultural research establishments the same rules we apply to publicly owned and operated agricultural research establishments of the same character, which allow those research es-

tablishments to sell their products in the market without regard to the marketing quota laws.

Primarily this relates to wheat and cotton. Those commodities are both now being subjected to a type of research which was not common in years past. Most of us think of agricultural research as some kind of greenhouse operation into which somebody tosses the pollen of one plant onto another and tries to produce some crossbreed or a new plant or a new fruit or a new vegetable. That type of research is still going on; that type of research is still important, but in recent years we have found that of vast importance in practical research is the amount of cultivation, the type of cultivation, the amount of fertilization, and the season of the year at which the crop is planted. Those things make a tremendous difference. They must be tried out in field tests. This means several hundred acres, and it can sometimes go into even larger acreages. Unless these stations have the opportunity to sell the products of these experiments, it imposes a limitation on their income and, therefore, on the work they can carry on.

We all say we are in favor of this work, or else we would not encourage these stations, else we would not spend millions of dollars of the public money carrying on this work. All this bill would do would be to apply to these privately endowed agricultural research stations exactly the same rules that we now apply to publicly owned and operated research stations in the same field.

The gentleman from Kansas has properly called attention to the possibility of overexpansion of this type of work. We frankly do not know how many of these stations there are that might claim the exemption. I know of but one in the State of Texas. I have talked to some of my colleagues, and I think you will find that probably the average over the Nation will not exceed one to a State, and some States will not have any. But they do do a substantial work. The work they do gives relief to the taxpayers to the extent that they do that work, because it otherwise would be paid for by public money. So we feel that while this fear is a very remote matter, if it should develop into something objectionable we would object to it. I can repeat the assurance given to the gentleman from Kansas that the Committee on Agriculture will next year attempt to find out how many of these there are. We cannot find out now, but we can find out when they claim an exemption. We will try to find out something more definite as to this size, and should there be any evidence that we might have created a Frankenstein we will certainly apply the brakes.

Mr. HOEVEN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I do not know of any opposition to this legislation; in fact, it is a bill that could well have been placed on the Consent Calendar. I imagine the only reason it is here under a rule is to create the impression that the House is very busy with legislative matters.

The purpose of this bill is to extend to privately owned nonprofit agricultural research and experiment stations or foundations the same exemption from marketing quotas which now applies to publicly owned agricultural experiment stations. Section 372 of the Agricultural Adjustment Act of 1938 has provided for several years that crops which are grown for experimental purposes by publicly owned agricultural experiment stations may be marketed even though such crops were grown in excess of any acreage allotment which the experiment station might have. Recently it has come to the attention of the committee that there are a few privately endowed and operated agricultural experiment stations in the United States which should have the same exemption from the marketing quota provisions.

It will be noted that the exemption from marketing quota penalties extends only to crops which are grown for experimental purposes. Such crops will not be eligible for price support, if grown in excess of any allotment the experiment station may have, and the granted exemption will merely mean that these crops may be sold on the open market for whatever they may bring, and will not have to be destroyed to avoid conflict with the marketing quota provisions of the 1938 act.

Since any crops covered by this exemption would not be eligible for price support, there would be no additional cost to the Federal Government as the result of this legislation.

Again I want to emphasize what was said in the colloquy between the gentleman from Kansas [Mr. AVERY] and the gentleman from Texas [Mr. POAGE] and the gentleman from Iowa now addressing the Committee. If this extension gets out of hand, and if there is an overexpansion, I am sure the Committee on Agriculture will see to it that that kind of operation will be properly restricted.

Mr. POAGE. Mr. Chairman, I have no further requests for time.

Mr. HOEVEN. Mr. Chairman, we have no further requests for time on this side.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 372 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1372), is amended by striking out subsection (d) thereof, and inserting in lieu thereof the following:

"(d) No penalty shall be collected under this chapter with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation."

With the following committee amendment:

On page 1, line 7 after the word "this" strike out "chapter" and insert "Act".

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. PRICE)

having assumed the Chair, Mr. DENTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10594) to amend section 372 of the Agricultural Adjustment Act of 1938, as amended, with respect to privately owned nonprofit agricultural research and experiment stations or foundations, pursuant to House Resolution 641, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

RURAL TELEPHONE SERVICE

Mr. POAGE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of H.R. 10708 with Mr. DENTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Texas [Mr. POAGE] will be recognized for 30 minutes and the gentleman from Iowa [Mr. HOEVEN], for 30 minutes.

Mr. POAGE. Mr. Chairman, I yield myself such time as I may require.

The CHAIRMAN. The gentleman is recognized.

Mr. POAGE. Mr. Chairman, I believe that this bill was adequately explained in the consideration of the rule within the last few minutes. It simply allows the use of the REA-financed telephone facilities for the transmission of educational TV programs over those lines and facilities.

It shall be my purpose at the proper time to offer an amendment on page 2, line 5 of the bill, after the word "facilities" to insert the following: "or community antenna, television system, services, or facilities other than those intended for educational purposes."

The purpose of the amendment, of course is obviously to make it absolutely clear that there is no authority granted

to enlarge any of the existing powers except in the case of the educational programs.

The bill was inspired by reason of the fact that there are a number of communities in the United States where today it is impossible to secure direct television programs for their schools and other educational institutions which would include a college and, we think, probably would include hospitals under certain circumstances.

I realize that many of my colleagues find it rather difficult to understand how there could be a community which could not receive direct television programs, but as soon as you get into an area more than a hundred miles from a broadcasting station you begin to find exactly that situation. To correct that condition there has developed a rather thriving industry in some sections of this Nation known as Central Antenna Television where some entrepreneur comes into a community and locates the highest hill and on it builds an antenna or tower. Normally it may be 100 feet or 200 feet, depending upon the size of the community and the amount of money he is willing to invest in it, but the higher he builds the farther away he can get acceptable TV signals.

Obviously he can receive signals from a much greater distance than can the ordinary private individual even though he has an antenna on his roof. The individual or corporation that builds the tower normally then provides transmission lines to the homes in the community. The normal charge in my area for tapping on to this central antenna is \$6 a month. I do not know what it is in other areas. The householder gets what in effect is city reception from the TV stations that are possibly located 200 or 300 miles away, and in that way he is enabled to receive programs he could not possibly receive with his own set without such a tower. The central antenna operations are, of necessity, confined to the towns and cities, because there simply is no way to make them pay anywhere else.

I know of nothing at the present time that would preclude any of these people from extending their lines into the rural areas and providing for rural schools the direct service that this bill contemplates for these schools. But the sad fact is it simply does not pay to do so. The sad fact is it is not an economically sound investment for these central antenna companies to provide rural service, and especially rural educational service. The result is they do not try to get out of the cities and towns. Large areas do not have the opportunity to get educational TV.

There is no purpose in this bill to substitute REA-financed lines for these central antenna systems. We only hope to provide an opportunity for rural schools to get a service no one wants to provide.

I think I should point out right here that in the telephone program of the REA there are more than twice as many privately owned stock companies as there are cooperatives. Some of us are living under the impression that the REA lends

money only to cooperatives. Some of you do not like cooperatives, so you are prejudiced against the whole program. For each cooperative which borrows money for the extension of a telephone system under the REA program there are two privately owned stock companies that are operating on money from the same source at the same rate of interest and on the same terms.

This pending proposal is not a matter which involves stock companies versus cooperatives or cooperatives versus private companies or anything of that kind. It is a question of how you get these TV signals to the rural areas. I think in a good many rural areas these companies and these cooperatives which have been financed by the REA have lines which could be economically used. They cannot carry these signals on the lines as they now exist, but with a much less expenditure than would be required in building up a completely new line they can convert existing lines so they can carry these programs out to our rural schools. I do not believe there is any opportunity in the world for them to make a profit on it, but the REA Telephone Act was set up with the idea of taking modern facilities to the rural areas and making them available to our rural people.

There are at the present time, as far as the committee knows, only some five or six instances in the United States where there has been any expression of interest in doing this, but I think there are five or six places where we could move acceptable telephone reception out into the rural areas if we pass this bill. We believe that is a highly desirable thing to do, and we would like to do it. We do not want it to interfere with anybody, corporation, or cooperative; and to make absolutely certain there will be no use of this except for educational purposes, I shall at the appropriate time offer the amendment, which I have previously read, which specifically confines this to education programs.

Mr. NELSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Minnesota.

Mr. NELSEN. Under the terms of the Rural Electrification Act, a rural area is defined. I have forgotten what the population is.

Mr. POAGE. Fifteen hundred.

Mr. NELSEN. Fifteen hundred. Under the terms and the definition of a rural area, would a community antenna system that might exist in a town of 1,499 be permitted to use these funds within this village to pipe out their community antenna program by the system they could set up under this act?

Mr. POAGE. I do not understand that they would, for the reason that the original loan must be made primarily to provide voice communications, so obviously the original establishment of a community antenna system could not be financed by REA.

Mr. NELSEN. Mr. Chairman, will the gentleman yield further?

Mr. POAGE. I yield.

Mr. NELSEN. Now, in the event that an educational program is transmitted over this system, would it not be logical to assume that perhaps it might be extended for use other than that? Could you confine it by language in the law?

Mr. POAGE. That is exactly the fear that certain Members and certain interested parties had of the original bill, the fear that it might be extended to other purposes. And, it is for that purpose that I have advised the House that I will, as quickly as we reach the amendment stage, offer an amendment on page 2, line 5, after the word "facilities"—which is a limitation incidentally—adding the following words, and these are limitations: "or community antenna television services or facilities other than those intended for educational purposes." In other words, we limit it so that you cannot use it for purposes other than those intended for educational purposes.

Mr. NELSEN. I thank the gentleman.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Certainly.

Mr. MICHEL. May I ask the gentleman whether or not this then could not be used as a justification, in the name of education, for beefing up the transmission lines? Is there any information that has come to the committee that any request would be made by any operating company or cooperative for the express purpose of beefing up transmission lines to carry these programs?

Mr. POAGE. Does the gentleman refer to electric transmission lines?

Mr. MICHEL. Yes.

Mr. POAGE. This does not amend the electric provision of the law at all. It relates solely to telephone systems. And, there is nothing that I think of in terms of transmission lines in connection with the rural telephone system—

Mr. MICHEL. If I may interrupt the gentleman, there is nothing involved here enlarging that program, at least, beefing up the expenditure of the rural telephone service for carrying this type of a program?

Mr. POAGE. This would allow the Administrator to make loans to telephone companies and cooperatives that were otherwise financed by REA for the preparation of their line, or whatever is necessary—and I am not enough of a mechanic to understand just what has to be done—to convey these signals to educational institutions; yes.

Mr. MICHEL. Have there been any estimates as to the additional cost?

Mr. POAGE. The estimate is that it will not require any additional money because there are only five or six known instances in the United States where there is any interest at all expressed in it, and we do understand that they are in a position to put these lines in, if they have the authority. At the present time the REA-financed lines, that is, the lines belonging to either a company or a cooperative that is receiving REA financing, are the only lines in the United States that are prohibited, as far as the Federal Government is concerned, from carrying these very fine programs. Now, there

are States regulations in some of the States which do prohibit it. It is not prohibited in my State, but I am sure there are certain States that do. But, as far as the Federal Government is concerned, the only systems that cannot do it are the ones getting REA financing.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I have listened very carefully to the statement of the gentleman from Texas in regard to this bill. I have read very carefully the bill itself, together with the amendment and the report of the committee. It is very apparent that both the bill and the amendment which you propose to offer state that they are facilities intended for educational purposes. Now, the question that I have is this, that once one of these facilities is installed for educational purposes, what is there to stop the REA, after the schools are closed at 3:30 or 4 o'clock and the children have gone home in a bus—what is to stop them from starting at 8 or 9 or 10 o'clock from running Gunsmoke over these same facilities?

Mr. POAGE. I think the same thing is there to stop them that is there to stop them from giving service in a town of 1,500 or any of the other facilities that are prohibited by law.

Mr. SAYLOR. There is nothing in the bill or language in the amendment that would prevent the use of these facilities for commercial purposes once they have been installed for educational purposes.

That is the reason some of us have looked askance at this bill. This bill has been drafted very carefully to put the opening wedge in to allow both the companies and the cooperatives that offer telephone service to engage in the general transmission of television signals. The only limitation is that they originally be installed for educational purposes.

Mr. POAGE. I would like to comment on the gentleman's admission, and I appreciate it very much. I had not realized just how far these people who are presently engaged in providing central antenna television service wanted to go to help the REA and the REA borrowers. I want to give the House my word that this amendment was—and I want the gentleman from Pennsylvania [Mr. SAYLOR], to listen to this explanation—I want the House to understand that this amendment was written by and very carefully prepared as the gentleman says—very carefully prepared—by the attorneys for the Central Antenna Television Association.

We were requested by the association and not by the REA to use this language. It is the language of the people whom the gentleman fears are going to be injured. It is not the language of the REA. It is not the language of any group seeking to expand their activities. It is the language of the very people—and it is word for word and has not been changed, not even by a comma—it is the language that was requested by

the very people whom the gentleman suggests are to be somehow or other destroyed by this amendment.

I believe these gentlemen are not only fair to their opponents, but I believe they are fair to themselves. I believe they have adequately protected themselves. I believe they have come in and asked for a reasonable limitation. As long as it seems to be a reasonable limitation, I for one—and I believe the House Committee on Agriculture—is disposed to try to grant any reasonable limitation.

Mr. Chairman, it does seem to me that we are going a pretty long way when we say that we are opposed to any kind of legislation which would allow any kind of use of these facilities after 4:30 in the afternoon. But if the gentleman from Pennsylvania will offer an amendment to confine the use of these facilities from 8:30 in the morning until 4:30 in the afternoon, I am sure the House will be delighted to pass on it. Of course, I would hope it would be defeated.

Mr. Chairman, I believe we have a good bill. I believe we have a bill here which should pass. I think we have a bill here that is in the interest of America. It cannot do anyone any harm. The bill has the approval of the Agricultural Committee, it has the approval of the REA. It has the approval not only of the cooperatives and the private telephone companies who would be accepting a burden to provide this service—but also of the very companies that the gentleman from Pennsylvania [Mr. SAYLOR] seeks to protect.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Surely, I yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, I am glad to have the statement of the distinguished gentleman from Texas [Mr. POAGE] about the apparent unity for this bill, and also the history of the proposal as well as the origin of the language and how badly it is needed. But I do not know what it does. I have listened to the gentleman very carefully and, unfortunately, I did not hear the first part of the gentleman's discussion. However, based upon the discussion which I have heard here, I am not sure whether this is an extension of service for the Community Antenna Television Service, or whether it is to provide such facilities as microwave service and so forth for the extension of telephone service.

Mr. POAGE. No, it is neither.

Mr. HARRIS. That is what you have been talking about here and that is the reason the question was raised in my own mind.

Mr. POAGE. Of course, I regret that the gentlemen did not hear the discussion under the rule or hear the beginning of the debate on the bill.

Mr. HARRIS. The explanation was made that the purpose of the bill was to extend educational television through this means. I am interested in finding out how you are going to extend it under the bill.

Mr. POAGE. Unfortunately, the gentleman from Arkansas was not present when the matter was discussed. The

matter under immediate discussion was the amendment that I expect to propose to the bill and the objections raised by the gentleman from Pennsylvania [Mr. SAYLOR] which did not bear on the basic purpose of the bill. The basic purpose of the bill is to allow those rural areas that presently cannot receive direct television signals of acceptable quality to provide some method so that more acceptable signals could be sent to the more or less remote areas, for educational purposes. The purpose of the amendment is clearly to limit it to educational purposes. That is what we started out to do. The members of the committee have no objection to limiting it to exactly what we intended. The wording of the amendment is the wording of the Central Antenna Television people and meets their objections.

Mr. HARRIS. Mr. Chairman, if the gentleman will yield further?

Mr. POAGE. I should like to answer the gentleman's question. The gentleman asked what was the purpose of the bill. There are many areas in the United States that do not receive acceptable television signals because they are too far from the television station. In most of the urban areas they are not too far away, and in most of the towns they have these central antenna television companies who set up a high antenna and pipe the programs to the houses in the town. They do not find it profitable to go out of these towns because it is simply not a profitable operation to carry those programs 15 or 20 miles out into the country. The result is the companies do not do it. There is not anybody engaged in that business. As far as I know there is not one single instance in the United States where anybody is engaged in it.

There are, however, about five rural telephone establishments in the United States who have said that if they had the authority they would provide the service even though it might not be immediately profitable to do so. It is provided in the Basic Rural Telephone Act that such area coverage must be given. They say that they will give that coverage if they are given the authority to do it. This bill is merely an effort to give them the authority to carry that service to those rural homes. We believe that we have limited the authority. Nobody now wants to perform this service. These people have offered to perform the service and the bill permits them to perform the service. If we defeat the bill then we will have said that there is nobody who will perform this service and the service will not be performed. It comes down to a question as simple as that.

Here is a way to have the service performed. If we defeat the bill we will be saying that the service will not be performed.

Mr. HARRIS. Mr. Chairman, if the gentleman will permit, he is not helping me a great deal. I am not criticizing; I am asking for information.

Mr. POAGE. What is the gentleman asking?

Mr. HARRIS. If the gentleman will yield—

Mr. POAGE. I am delighted to yield if I may have the gentleman's question.

Mr. HARRIS. What kind of service is the gentleman talking about?

Mr. POAGE. We are talking about television service.

Mr. HARRIS. How are you going to extend television service from the broadcasting station to the locality where you are going?

Mr. POAGE. The gentleman asked me a question, but I said in the beginning I was no technician or expert, as the gentleman from Arkansas is, on just what to call these lines that they put on their poles to carry these programs. I am not that much of a mechanic, but I do know you can put up lines to carry TV broadcasts. I do know that these CAT concerns do put lines from their antenna to the houses. I do know that the same kind of lines can be carried on the poles of the rural telephone companies out to these rural schoolhouses, but it has not proven to be profitable in the past and nobody else wants to do it. The gentleman asked me the mechanics of it. I do not know the mechanics of broadcasting.

Mr. HARRIS. Will the gentleman let me have some time, then?

Mr. POAGE. I will be glad to yield to the gentleman, but since I have only 5 minutes more I think I had better let the other side yield first.

Mr. HOEVEN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I have been looking at this from the viewpoint of what kind of situation we all would like to have. I am a little afraid this thing would permit individuals under the REA to go in and operate without any control by the Federal Communications Commission of the broadcasting that would be set up under this bill. It seems to me that ought to be gone into very carefully, as we ought not to have or attempt to have a setup that is altogether different from what most of us feel there should be. Frankly, I feel that the Federal Communications Commission should have control over these things. Unless you do give it to them you are going to make a great mistake. You are going to have two outfits trying to do the job that one ought to be doing.

Mr. HOEVEN. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. HARRIS], if he wishes to continue his colloquy with the gentleman from Texas.

Mr. HARRIS. I do not want to impose on the House, but I cannot develop this in 2 minutes. There are some problems here that we should clear up, and if not, I will have to enter an objection.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas.

Mr. HARRIS. Now let me ask some questions.

Would this extend to a rural cooperative the power without any authority from the Federal Communications Commission—and I observe the limitation in the bill—to use boosters and reflectors?

Mr. POAGE. The gentleman gets me in deep water when he uses scientific terms. I do not know any more about boosters than I do about medicine.

Mr. HARRIS. Let me try to educate the gentleman just a little bit.

We got into a serious problem in the Northwest by letting things take their course. They put in operation about 1,800 extensions of service by boosters and reflectors. Out in the Northwest, Montana, and out through there, they did this in an effort to extend the service, and the signals met each other coming down the valley. We had a terribly difficult problem trying to straighten it out. As I say, they had some 1,800 operations who were getting such signals. It was a controversial problem.

We finally were able to do something about the authority of boosters and reflectors, but we did not tackle the CATV problem. If the gentleman is referring to the kind of operation that would extend say, a community television operation, in other words where you have one antenna in a given community with wires that go to the homes, that is a community antenna television operation. If the gentleman has in mind to extend wires out into the country to rural areas, or to have one cable that would extend it out into some school, then I think it would be a good idea.

Mr. POAGE. That is exactly what I have in mind.

Mr. HARRIS. You may have that in mind, but that is not how I read the bill. I read the bill to say that, where you have the words "through the use of electricity" to use electrically operated devices for this purpose, it would get into what is being used by the telephone services, and if it is for the purpose of a microwave to extend that signal out to an area, this is used all the time by the telephone industry. Then that is still another problem. But, if you are setting up a program here that would give any group, and I do not care whether it is cooperatives or anyone else, legislative authority, without any look at it whatsoever, to start sending boosters and reflectors out into the country, you are going to find yourself in another terrible dilemma all down the line. I am just trying to find out what you are proposing to do.

Mr. POAGE. I believe with the help of my attorney here, I may be able to clarify this somewhat. The bill provides, that is the amendments with the existing law reads that it shall not mean telegraph services or facilities or radio broadcasting services or facilities within the meaning of section 3(0) of the Communications Act of 1934, as amended.

Broadcasting under the terms of this act, which is referred to there, means, or rather it defines broadcasting as a means of dissemination of radio communications intended to be received by the public directly or by the intermediary of relay stations. It would seem to me to define rather clearly the operation and the type of thing that the gentleman from Arkansas is discussing, unless the booster has some other meaning than the relay stations and, frankly, I do not know about that.

Mr. HARRIS. I, very frankly, observed that as to the reception and that is what really confused me a little bit about what you are seeking to do. I

cannot see that you are doing anything here except extending to the rural cooperatives the right to have a closed system operation.

Mr. POAGE. That is exactly what I understand it to mean.

Mr. HARRIS. If that is what you are doing, then I have no objections.

Mr. POAGE. That is all in the world I understand is involved here, but the gentleman from Arkansas is far more familiar with that than I am.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. I wonder if I might have a couple of more minutes to pursue this a little further.

Mr. HOEVEN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HARRIS. I thank the gentleman. I regret having to take the time. If this is merely a closed circuit operation, that is, purely a wire operation, I have no objection.

Mr. POAGE. That is exactly what I understand it to be, but the gentleman has presented some technical terms and I confess I do not know the technicalities.

Mr. HARRIS. Well, let me read what the report says. The report reads:

Service whereby voice communication through the use of electricity between the transmitting and receiving apparatus is the principal intended use thereof.

Mr. POAGE. That is the existing law. That is not the new law. That is the existing law. That is what we have been under the last 10 or 12 years.

Mr. HARRIS. That is the definition of telephone service.

Mr. POAGE. That is right, and this has to do with rural telephone service.

Mr. HARRIS. Now I see you then define what communications means: "through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service."

Mr. POAGE. We are not changing that. We are trying to make this read just as does the bill which came from the gentleman's committee—I believe it came from the gentleman's committee—in the matter of the definition that is now in the statute in section 153 which provides:

That for the purposes of this chapter unless the Congress proposes otherwise—

"Wire communication" or "communication by wire" means the transmission of writing, signs, signals, pictures, and sounds of all kinds by aid of wire, cable, or other like connection between the points of origin and reception of such transmission, including all instrumentalities, facilities, apparatus, and services (among other things the receipt, forwarding, and delivery of communications) incidental to such transmission.

We are seeking to get the same definition here.

Mr. HARRIS. Let me say to you if it is what is referred to and commonly known as closed-circuit operation I can see no objection to it, but if it gets into anything beyond that I would have serious objection.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, I would certainly not hold myself out as being specifically qualified to speak on this legislation, as is the gentleman from Arkansas [Mr. HARRIS]; however, in listening to the colloquy between the gentleman from Arkansas and the gentleman from Texas I would say that it is my understanding that this legislation does not extend to REA any authority in the area of communications dealing with microwave; nor does it extend to REA any authority in the area that is referred to as "booster stations"; nor does it extend to REA any authority in the area of satellite stations for re-broadcasting. It simply extends to REA authority to lend in the existing authority where they can lend other telephone services to cooperatives and to telephone corporations. There is no extension of authority as to the eligibility of cooperatives or companies, but there is an extension of authority as to the services within otherwise eligible cooperatives or corporations as to service which is not now authorized and which could be established in the concept that the gentleman from Arkansas mentioned; that is, a closed-system type of service, and amending the existing law that permits loans for the transmission of signals which are not limited to that of voice but to signals and pictures and related signals or the facilities using the signals to extend that service beyond that of simple voice which we would understand, of course, as telephone service. This would permit lending on the part of REA to cooperatives and corporations in the telephone service and permit these organizations to extend the service to the point of establishing other lines or these organizations would be permitted to transmit a signal that would be an equivalent. We extend that as a TV signal, but as we considered this legislation in committee, it is certainly not our understanding that this goes to the extent of permitting an REA telephone service or company to which the REA loans to put themselves in the broadcasting business with the TV signals, or permitting the transmission of TV from point to point through microwave or any of the associated facilities to implement the microwave transmission. It would permit them the simple authorization over lines which are established on the land, you might say, this type of service within the area now served by that telephone company and particularly for the service of educational use.

I think the colloquy between the gentleman from Arkansas and the gentleman from Texas was, I am sure, to some of us a little less than clear because we are not all conversant with the terms used; however, I think out of that colloquy came a clear understanding, certainly on my part, that the reference that the gentleman from Arkansas made was to a closed circuit, for that is our understanding of this type of service. It is not our intention by the language in this bill, as proposed, to give REA telephone lines any authority whatsoever except to transmit by wire service and by line within their area a TV signal for the service within the area, particularly for

educational purposes. I hope my comments may have helped to clarify the situation somewhat, but I would again say I am not an expert in this field.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. HOEVEN. Mr. Chairman, I yield 2 additional minutes to the gentleman from Maine.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman from Illinois.

Mr. COLLIER. In reading this bill, it is written in a manner that is sufficiently vague, I am sure, to leave more than one question in the minds of those of us who have followed this discussion. Pinning it down, do I understand from the statement made by the gentleman from Maine that this is in fact to be restricted to closed circuits as that applies to any television operation that will be developed from it?

Mr. McINTIRE. That is certainly my understanding. All we are proposing to do by this amendment is simply to amend the bill, as the gentleman will note on what we might say is a broadening of the definition of the words "telephone service," and to define them so that included in the definition would be the authority to transmit other than just voice; that is, to transmit a signal that would give a picture on a screen.

Mr. COLLIER. On two occasions, as this particular question arose, we have heard as a reply, "It is my understanding that." If it is an understanding, I would like to know, at least with some degree of certainty, whether or not it will be restricted to closed circuits, not a question of what someone's understanding is, because this is a very important point as far as I am concerned.

Mr. McINTIRE. I may say to the gentleman I can only go to the point of saying what I believe and honestly think.

Mr. COLLIER. Perhaps we ought to write it into the legislation we do not want the REA in the television business.

Mr. McINTIRE. It is not the intention of this member of the committee to put the REA in the television business.

Mr. HOEVEN. Mr. Chairman, I yield myself such time as I might require.

Mr. Chairman, as far as making legislative history on this bill is concerned, may I make it perfectly clear that there is no intention whatsoever of putting the REA in the television business. The purpose of this bill is to bring up to date the definition of "telephone service," which appears in that portion of the Rural Electrification Act authorizing loans for the development of a rural telephone service. The bill does not change any of the requirements respecting REA rural telephone lines, and leaves without change the definition of rural areas and the requirements for all the area coverage and the prohibition of loans for telegraph facilities or radio broadcasting activities or facilities. There would continue to be expressly excluded from permissible financing telephone property for radio or television broadcast facilities. That is the intention of the Committee on Agriculture and

I am also sure this is the intention of the Committee of the Whole House.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Texas.

Mr. POAGE. I join with the gentleman from Iowa in pointing out it is clearly the intention of the committee to simply define "telephone service," and to leave in the limitations that are already in the law, including the prohibition in reference to these concerns, cooperative or corporate, to engage in broadcasting. That is written in the law as plain as we know how to write it, and we are not trying to change that.

Mr. HOEVEN. I am glad to have the gentleman state that he is in accord with our joint observation that that is clearly the intent of the Committee on Agriculture.

I would like to emphasize further that this bill would not open up a new field of REA financing for a new industry, but would be a matter of enabling REA to take care of its telephone borrowers' needs in providing a service which telephone organizations will normally be called upon to provide.

Since loans by REA may be made only in an amount established annually by Congress, and since any loans which might be made as the result of this expanded definition of telephone service would come within such limitation, there would be no additional cost to the United States as the result of the enactment of this bill.

Mr. Chairman, let it be specifically understood that we are only bringing the definition up to date and nothing else, and there is no intention whatsoever of expanding the services of the REA in the field of television as the term is generally understood.

Mr. Chairman, I have no further requests for time.

Mr. POAGE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended by striking out subsection (a) thereof, and inserting in lieu thereof the following:

"(a) As used in this subchapter, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 153(o) of title 47 (section 3(o) of the Communications Act of 1934, as amended)."

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 1, line 7, strike out "subchapter" and insert "title".

Page 2, line 6, strike out "153(o) of title 47 (section)".

Page 2, line 7, strike out "amended)" and insert "amended".

The committee amendments were agreed to.

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: Page 2, line 5, after "facilities," insert "or community antenna television system services or facilities other than those intended for educational purposes."

Mr. POAGE. Mr. Chairman, this is the amendment I informed the committee earlier that I would offer. This is the amendment which I pointed out to the gentleman from Pennsylvania was prepared by and offered at the suggestion and request of the attorneys for the Central Antenna people. It is offered in order that there might be no question that this bill does not extend the powers of the REA-financed telephone companies or cooperatives to go into any other type of business. This leaves all of the limitations that are in existing law and specifically adds the further words that loans shall not include community antenna telephone system services or facilities other than those intended for educational purposes.

Now, it is true that there is no bond required of those who borrow the money that they will not run this system at midnight or try in some way to evade the law. I cannot see how anybody can make any money by evading this law, and I do not think there is any danger of anybody getting into business without any prospects of making any money.

Mr. HOEVEN. Mr. Chairman, this is a good amendment. It is a clarifying amendment. As far as we are concerned on this side of the aisle, we are ready to accept it.

Mr. SAYLOR. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Texas [Mr. POAGE].

The Clerk read as follows:

Amendment offered by Mr. SAYLOR to the amendment offered by Mr. POAGE: After "facilities" insert "such services and facilities shall be limited to closed circuit television operations."

Mr. SAYLOR. Mr. Chairman, we have just heard the gentleman from Texas [Mr. POAGE] state that—

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. Yes, I yield to the gentleman from Texas.

Mr. POAGE. That carries out, as I understand the use of the term, exactly what we are intending to do. As far as I am concerned, I am perfectly willing to accept the gentleman's amendment.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I am happy to yield to the gentleman from Iowa.

Mr. HOEVEN. I think that is a good amendment to the amendment. I am ready to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR], to the

amendment offered by the gentleman from Texas [Mr. POAGE].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE] as amended.

The amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. PRICE] having assumed the chair, Mr. DENT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, pursuant to House Resolution 642, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

CORRECTION OF VOTE

Mrs. NORRELL. Mr. Speaker, on rollcall No. 61 I am recorded as not voting. I was present and voted "nay." I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

ADJOURNMENT OVER

Mr. MOSS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet again on Monday next, at 12 o'clock noon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. MOSS. Mr. Speaker, I ask unanimous consent that, in connection with the program for next week, Calendar Wednesday business be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORITY TO RECEIVE MESSAGES AND TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. MOSS. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

Mr. GROSS. Mr. Speaker, reserving the right to object, is the House to be adjourned on Monday next?

The SPEAKER pro tempore. No; until Monday next.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

COMMITTEE ON FOREIGN AFFAIRS

Mr. MOSS. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight to file a report on H.R. 11721.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

INDEPENDENCE DAY IN NORWAY

(Mr. LANGEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANGEN. Mr. Speaker, in about a month and a half, the Fourth of July to be exact, all Americans will hail the founding of our free democracy by raising proudly our flag of red, white, and blue. Today, the 17th of May, another bastion of freedom is raising its own flag of red, white, and blue as a proud symbol for the world to see. I refer to "syttende mai"—independence day in Norway. This is the 148th anniversary of the signing of the Norwegian Constitution, a document that has lived through assault and occupation, only to emerge stronger than ever.

It is a proud day for Norwegians. It should be a proud day for all of the free world. They May Day parades of the Communists receive much publicity each year, but a much more appropriate parade for the free press of the world to headline would be the annual parade of children in Oslo today.

This celebration of fun and merriment starts soberly in church. Norwegians are a religious people and many of us in this country received our firm religious background from those rigid traditions.

There will be prayers of thankfulness for deliverance from the evils that have threatened, but never conquered, these people. The Norwegians were assaulted by the Germans in the 1930's and displayed an unmatched bravery during World War II. We must remember the underground, the courage in combat, as these freedom-loving people defied totalitarianism. The postwar construction was painful, but the determined Nor-

wegians made it. Even today, their proud flag waves in the very shadow of danger, on the border of the Soviet empire.

The ties between the United States and Norway are great. This fact was evidenced again last week when I had the privilege of attending a state dinner for Norwegian Prime Minister and Mrs. Gerhardsen. The Prime Minister noted that there is hardly a family left in Norway that cannot claim relatives in the United States.

Many of those relatives are in the Midwest, including my beloved Minnesota. My own ancestry is traced in part to Norway, through a Norwegian-born father and a Swedish mother. Dad brought with him the strength and vision that is so characteristic of the Norwegian people. Joe Langen, now retired, continues to display his independent thinking and on occasion even fails to be impressed by the opinions put forth by his Congressman son. A man of physical as well as mental strength, he still takes a daily swim as long as the Minnesota weather permits.

Minnesota has another Norwegian tie that has been disputed for years, but is believed true by Norwegian and other scholars around the world. A mass defection from the Norse colonies in Greenland to the North American mainland in 1342 caused, as the story goes, an expedition to be formed to search for the lost colonists. It left Norway by royal decree, probably in 1355. At least a part of this expedition is known to have explored Hudson Bay, probably during the years 1360 and 1362. A party of men are reported to have made their way from Hudson Bay to Minnesota, by the direct and relatively easy route along the Nelson River, Lake Winnipeg, and the Red River of the North. The now famous Kennsington Runestone was discovered near Alexandria, Minn., in 1898. It tells the story of a visit to the area in 1362 by a party of 22 Norwegians and 8 Goths.

Controversy may continue about the Runestone's authenticity, but the Viking expeditions and the immigrations in the years that followed are full evidence that the sturdy Norwegians played a large role in developing America as it is today.

In Minnesota, we are celebrating the 600th anniversary of the Runestone. In Norway today, they are celebrating the 148th anniversary of the signing of the constitution. In Washington today, we salute these gallant and free people.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. LANGEN. I yield to the gentleman from Minnesota.

Mr. JUDD. Having the privilege of representing the second largest Norwegian city in the world, second only to Oslo, I want to concur wholeheartedly in the statement of my distinguished colleague from Minnesota regarding his ancestral country. Speaking from years of close association, there certainly are no finer people anywhere than the Norwegians and their descendants in our State.

Mr. LANGEN. I thank the gentleman. I hope I can accept the compliment in their behalf with grace.

NORWEGIAN CONSTITUTION DAY

(Mr. BARRY (at the request of Mr. SHORT) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRY. Mr. Speaker, today is the 148th anniversary of the adoption of the Norwegian Constitution of May 17. The constitution which was adopted that day in May has served the Norwegian people ever since as a model for democratic government. Even under the dominion of the Swedish King the Norwegians continued to press for their independence and used the constitution of May 17 as their talking point.

The fierce independent spirit of the Norwegians is expressed most clearly in the words of their pet and champion of independence, Bjørnstjerne Bjørnson, in the Norwegian national anthem:

Yes, we love with fond devotion

This, the land that looms

Rugged, storm-scarred, o'er the ocean,
With her thousand homes.

Love her, in our love recalling

Those who gave us birth,

And old tales which night, in falling,
Brings as dreams to earth.

Norseman, whatso'er thy station,

Thank thy God, whose power

Willed and wrought the land's salvation
In her darkest hour.

All our mothers sought with weeping

And our sires in fight,

God has fashioned, in his keeping,
Till we gained our right.

Yes, we love with fond devotion

This our land that looms

Rugged, storm-scarred, o'er the ocean,
With her thousand homes.

And, as warrior sires have made her

Wealth and fame increase,

At the call we too will aid her,
Armed to guard her peace.

ITALY WANTS EMIGRANTS TO RETURN

(Mr. WALTER asked and was given permission to extend his remarks at this point in the RECORD and to include an editorial.)

Mr. WALTER. Mr. Speaker, while a number of bills introduced recently in the House and in the other body propose to increase the size of immigration to the United States, there appeared this morning in the Washington Post a most enlightening article regarding Italy's need for the return of those Italian emigrants who left that country in the past.

The article confirms the impression of many of us who have surveyed the international migration situation for years, namely, that the booming economy of Europe needs workers urgently, while this country still suffers from unemployment or—in other words—from a surplus of manpower, temporary, I hope.

It appears to me in the light of the article and information reaching us from other countries that to pass legislation opening wider the doors leading to the United States would be tantamount to an unfriendly act toward the many countries of Europe, particularly the countries of the European Common Market who not only wish to retain within

their borders their manpower, but to procure more workers from abroad.

The article that I referred to follows:

ITALY BEGINS DRIVE TO LURE BACK NATIVE TECHNICIANS LIVING ABROAD

(By Leo J. Wollemborg)

ROME.—The Italian state oil agency recently issued a public appeal to Italian technicians and skilled workers who have found employment abroad, inviting them to return and announcing that it had jobs for more than 1,800 of them.

The appeal, prominently printed in the major national papers, reflects the continuing expansion of the activities of the ENI (Ente Nazionale Idrocarburi) as well as the marked flair of its dynamic boss, Enrico Mattei. But it must also be viewed in the broader context of the startling changes that have taken place in Italy over the last few years.

Traditionally Italy has been known for her large surplus of manpower which was feeding both a high level of unemployment at home and a steady stream of emigration abroad. In more recent times, however, the country has become an exporter of capital and know-how as well.

EXPANSION THREATENED

Now the quickening industrial growth, unattended by an adequate increase in school and vocational training facilities, has led to a shortage of skilled personnel, which in turn threatens to become the main stumbling block to further expansion.

In the underdeveloped areas, there are still hundreds of thousands of unemployed and underemployed; but most of them are unskilled and often illiterate laborers. At the same time, the want ads sections of the northern dailies (particularly in the Milan-Turin-Genoa "industrial triangle") are full of job offers for trained workers and technicians in the metalworking, mechanical engineering, chemical and electrical industries.

It is estimated that the overall deficit of industrial cadres already tops the 300,000 mark (over 200,000 skilled workers and about 100,000 executives), while shortages of trained manpower are beginning to develop in such other sectors as transportation and other service activities.

Conservative projections indicate that by 1975 Italy will need 10 million skilled workers (as against the 4.5 million of today), almost 4 million junior technicians (there is just about 1 million of them now) and almost 2.5 million senior technicians and executives (as against half a million today.)

MEDICAL CARE FOR THE AGED, THROUGH FREE-ENTERPRISE ON A VOLUNTARY BASIS, WITHOUT GOVERNMENT CONTROL

(Mr. CRAMER (at the request of Mr. SHORT) was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. CRAMER. Mr. Speaker, I have today introduced a bill (H.R. 11794) that will provide protection against the cost of medical care for every aged American who desires its benefits.

My bill is entirely voluntary and is based on the sound premise that the American people are better qualified than Federal bureaucrats to spend their own money and to determine exactly what kind of medical protection, if any, that they need. It recognizes that there is an existing need for assistance to some of our aged population, and that it is a

problem national in scope. It, therefore, treats the problem as such by providing that Federal assistance shall come from the general revenues, as any adequate health plan must, by spreading the burden among all the taxpayers instead of loading it upon the backs of only those who pay social security—many of whom are least able to pay.

My bill is so simple that it will undoubtedly amaze the bureaucrats and confound the welfare-staters. It provides for those who pay taxes a tax credit for the cost of medical care insurance, not to exceed \$125 per individual and thus allows such persons who pay taxes to finance their own health insurance programs.

This tax credit will be available to any individual, age 65 or over who buys health insurance for himself or his spouse, or to any relative who buys insurance for an individual over 65, or by an employer who follows the growing practice of buying insurance for retiring employees over 65.

All that an eligible individual has to do is to file a Federal income tax return for each year. My bill provides that the Treasury shall issue a simple, easy-to-prepare return for this purpose. Each individual who files a Federal income tax return and owes a tax can deduct as a credit from the tax due the cost of the premiums on one of the approved plans in an amount up to \$125 per individual, or \$250 per married couple. This provision allows these individuals to spend their own money rather than pay it into the Federal Treasury so that bureaucrats can select a compulsory policy for them, the benefits of which would be clearly diminished by the cost of bureaucratic overhead.

In the case of those individuals who file a return and whose tax is less than \$125, however, or who owe no tax at all and so indicate by filing the simplified return, they will receive from the Treasury Department a medical care insurance certificate which may be used to pay the premiums on a medical care policy and which will be redeemed by the Treasury in an amount not to exceed \$125 when the insurance carrier presents it for payment. For example: A person owes the Government an income tax of \$75. He files a return, the \$75 is forgiven, and he receives a certificate worth \$50. He then uses both the cash and the certificate to buy a policy approved by this bill. A further example: A married couple owes no tax. They file a simplified return and receive from the Treasury a certificate worth \$250, which they use to buy an approved policy. The Treasury then pays the insurance carrier \$250 upon the submission of the certificate.

There are undoubtedly many elderly people who now have policies providing medical care which in their judgment are adequate and satisfactory even though they may not technically comply with the coverage specified in either of the programs recommended by my bill.

They are, after all, the best judges of their needs and how their own money should be spent and ought to be entitled to the same tax credit available to those

87TH CONGRESS
2D SESSION

H. R. 10708

IN THE SENATE OF THE UNITED STATES

MAY 21, 1962

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 203 of the Rural Electrification Act of 1936, as
4 amended (7 U.S.C. 924), is amended by striking out sub-
5 section (a) thereof, and inserting in lieu thereof the
6 following:

7 “(a) As used in this title, the term ‘telephone service’
8 shall be deemed to mean any communication service for the
9 transmission of voice, sounds, signals, pictures, writing, or

1 signs of all kinds through the use of electricity between the
2 transmitting and receiving apparatus, and shall include all
3 telephone lines, facilities, or systems used in the rendition of
4 such service; but shall not be deemed to mean telegraph
5 services or facilities, or community antenna television sys-
6 tem services or facilities such services and facilities shall be
7 limited to closed circuit television operations other than those
8 intended for educational purposes, or radio broadcasting
9 services or facilities within the meaning of section 3 (o) of the
10 Communications Act of 1934, as amended.”

Passed the House of Representatives May 17, 1962.

Attest:

RALPH R. ROBERTS,

Clerk.

87TH CONGRESS
2^D SESSION

H. R. 10708

AN ACT

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

MAY 21, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

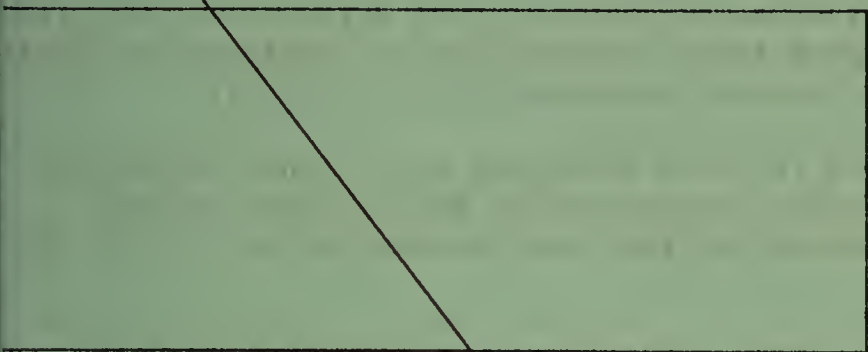
Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Oct. 2, 1962
For actions of Oct. 1, 1962
87th-2d, No. 178



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HIGHLIGHTS: For highlights see page No. 8.

SENATE

1. AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 20245
 - S. 3756, without amendment, to amend Sec. 309 of the Food and Agriculture Act of 1962 so as to provide that a farm marketing quota on the 1963 wheat crop shall be applicable to any farm on which acreage of wheat exceeds the smaller of 15 acres or the highest number of acres planted to wheat on the farm in calendar years 1959, 1960, 1961, or 1963 (instead of 1959, 1960, or 1961)(S. Rept. 2224).
 - H. R. 12653, without amendment, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the amount of loans which may be insured under the Act (S. Rept. 2220).
 - H. R. 10708, with amendment, to amend the Rural Electrification Act with respect to financing communication facilities for transmission of sounds, signals, pictures, writing, and signs, as well as voice (S. Rept. 2221).

- H. R. 12855, without amendment, to amend provisions of the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotment so as to exclude cigar-filler and cigar-binder tobacco, types 42,43,44,53,54, and 55 from the lease and transfer authority (S. Rept. 2222).
- H. R. 946, without amendment, to extend to oyster planters the benefits of the provisions of present law which provide for production disaster loans for farmers and stockmen (S. Rept. 2219).
- S. 3370, with amendment, to authorize the Secretary of Agriculture to relinquish to Wyo. jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain District (S. Rept. 2223).
2. APPROPRIATIONS; BUDGET. Received from the President supplemental appropriations for fiscal year 1963 for this Department (S. Doc. 152)(p. 20245). Attached to this Digest is a summary of the items pertaining to this Department.
 3. PUBLIC WORKS APPROPRIATION BILL, 1963. Passed with amendments this bill, H.R. 12900. Conferees were appointed. pp. 20239-45
 4. FARM PROGRAM. Sen. Humphrey criticized charges of the Republican National Committee against the Food and Agriculture Act of 1962 as "a deliberate and reckless attempt to turn farmers against consumers and city dwellers against rural America," and defended the Act against these charges. Sen. Kuchel defended the charges and contended that the farm bill had merited defeat. pp. 20335-6
Sen. Kuchel inserted an editorial critical of the farm program and relating experiences of Sen. Anderson in conducting farm operations under the program. p. 20336
 5. WORLD FOOD CONGRESS. The "Daily Digest" states that the Foreign Relations Committee approved with amendment S. 3679, to authorize funds to enable the U. S. to extend an invitation to the Food and Agricultural Organization of the U. N. to hold a World Food Congress in the U. S. in 1963. p. D917
 6. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Crooked Bayou, Ark.; West Fork Pond River, Ky., and Hardin Creek and Mill Creek, Tenn. p. D916
 7. PUBLIC WORKS. The Public Works Committee reported without amendment (an original bill) S. 3773, the public works authorization bill (S. Rept. 2258), p. 20246
 8. FOREIGN AID APPROPRIATION BILL, 1963. Began debate on this bill, H. R. 13175 (pp. 20248, 20260-2, 20270-92, 20298-329). By a vote of 34 to 40, rejected an amendment by Sen. Ellender to reduce by \$200 million the amounts for development loans and economic assistance (pp. 20314-9).
 9. STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1963. The Appropriations Committee reported with amendments this bill, H. R. 12580 (S. Rept. 2226). p. 20245
 10. STATISTICS. The Post Office and Civil Service Committee reported without amendment H. R. 7791, to provide for the collection and publication of foreign commerce and trade statistics (S. Rept. 2217). p. 20245

RURAL TELEPHONE SERVICE

OCTOBER 1, 1962.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H.R. 10708]

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936 as amended with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill would allow the Rural Electrification Administration to finance communication facilities for the transmission of sounds, signals, pictures, writing, and signs of all kinds by amending the definition of "telephone service," which is now restricted to services where voice communication is the principal intended use. Conventional telegraph service and radio broadcasting service would continue to be excluded from the definition as at present, and a further exclusion would be made for community antenna television facilities intended for other than educational use.

The purpose of the bill is to permit loans for facilities to provide such services as closed circuit television, teletypewriter, telephotograph, and writing and data transmission, which today are generally recognized as normal services of telephone companies.

Hearings were held by Subcommittee No. 2, and enactment of the bill was favored by all witnesses and the Department of Agriculture.

The committee amendment, which was jointly recommended by the Department of Agriculture and the Federal Communications Commission, is designed to assure that the bill will carry out its intended purposes, by—

- (1) Making it clear that the only telegraph service intended to be excluded is message telegram service, so that teletypewriter, data transmission, and similar services, which are furnished by

Western Union as well as by telephone companies and which are intended to be included, would be included;

(2) Eliminating language relating to "closed circuit" community antenna television facilities, which the industry advises is not technically correct; and

(3) Making it clear that the only community antenna television systems which can be financed are those intended exclusively for educational purposes.

DEPARTMENTAL VIEWS

Attached is a favorable report from the Department of Agriculture on a companion bill, S. 3001, an analysis of H.R. 10708 prepared by the Federal Communications Commission, and letters dated August 31, 1962, from the Federal Communications Commission and the Rural Electrification Administration recommending the language proposed by the committee amendment.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 9, 1962.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of March 16, 1962, for a report on S. 3001, a bill to amend the definition of the term "telephone service" as used in title II of the Rural Electrification Act of 1936, as amended.

This Department recommends that the bill be passed.

The bill amends the definition of "telephone service" contained in section 203(a) of the Rural Electrification Act as amended so as to permit REA to finance a broader range of communication facilities than is presently authorized. Under the existing definition of "telephone service," REA may finance those communication facilities in which "voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof." This definition precludes REA financing of communication facilities where voice communication is not the principal element. The telephone industry has developed and is providing a growing variety of communication services in addition to conventional voice communication. These include facilities for such services as closed circuit television, teletypewriter, private line, telephotograph, and writing and data transmission. These are today generally recognized and are being increasingly utilized as normal services rendered by telephone companies in their service areas. A number of these services are also being provided by telegraph companies in addition to conventional telegraph service.

The proposed change in the definition of "telephone service" would allow REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, and signs as well as voice. No change is made in any other provision of the act. Enactment of the bill would not open up a new field of REA financing but would enable REA to take care of its telephone borrowers' needs in providing services which telephone organizations are normally called upon to provide. There would continue to be excluded from permissible REA

financing, as at present, conventional telegraph and public radio and television broadcasting facilities.

When the Congress was considering the legislation authorizing REA to make rural telephone loans, the possibility of future developments within the industry was recognized as was the possibility of Congress being called upon to make appropriate revisions in the authorizing statute to permit REA to meet financing needs associated with such developments. Rural telephone systems which have availed themselves of REA financing are faced with demands for communication services related to these developments. One such service, and a most important one, is the furnishing of facilities for the distribution of educational television over closed circuits to the schools in their service areas. They have a public and civic responsibility to furnish these facilities. Several borrowers have approached REA for financing of closed circuits for this purpose and have expressed the view that they should be able to render, in the rural areas they serve, the same service that other telephone companies offer. Enactment of S. 3001 would help them achieve this.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., August 14, 1962.

HON. SPESSARD L. HOLLAND,
U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: This is with further reference to your letter of July 20, 1962, requesting a report and analysis of H.R. 10708, a bill to amend section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924(a)), with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

The purpose of the bill, as stated in the House committee report, is to bring up to date the definition of "telephone service" which appears in that portion of the Rural Electrification Act authorizing loans for the development of rural telephone service, so that REA-financed telephone systems will be able to render, in the rural areas they serve, the same service that other telephone utilities offer. By updating this definition, REA telephone loans could include funds for lines and facilities to transmit sounds, signals, pictures, writing, or signs of all kinds as well as the voice signals which, under the present law, must be the principal element of any transmission. Under H.R. 10708, conventional telegraph, public radio and television broadcasting facilities, and community antenna television system services other than those intended for educational purposes would be excluded from permissible REA financing.

If it were not for these specific exclusions, the amended definition of "telephone services" proposed by H.R. 10708 would be sufficiently broad in scope to embrace every conceivable type of communication service ordinarily furnished by telephone companies, whether by wire or radio. For example, it would include such commonly rendered

services by telephone companies as message toll telephone services, telephone exchange service, private line telephone, telegraph, and data facsimile and other record-type transmission services and, of course, program transmission services involving the furnishing of facilities for the transmission of aural and video program material.

The specific exclusion of "telegraph services or facilities" in the bill, however, narrows the broad scope which the bill initially sets out. As a result, it may not accomplish all that it sets out to do; i.e., permit REA-financed telephone systems to render the same service that other telephone utilities offer.

Although the present definition of "telephone service" in the REA specifically excludes "telegraph services or facilities" and, as I mentioned, the proposed amended definition in H.R. 10708 retains this exclusion, privately financed telephone companies generally do furnish various types of telegraph service such as the teletypewriter exchange (Twx) service, private line teletypewriter services, and other private line record communications. They do not, however, furnish message telegram service which consists of the reception, transmission, and delivery by the company of messages filed by the general public in written form. Western Union Telegraph Co., for example, furnishes this type of service.

It would seem, therefore, consistent with the objectives of the bill, that REA borrowers should be permitted to furnish the type of telegraphic services which privately financed telephone companies offer. Accordingly, the Congress may wish to limit this specific exclusion to "message telegram service" rather than the generic "telegraphic services or facilities."

With respect to your question concerning what is excluded under "Community antenna systems or facilities" (CATV) in the bill, I believe that when this bill was debated on the floor of the House, Representative Poage offered this language as an amendment designed to insure that this bill would not provide for an extension of commercial community antenna television service. He also explained that the bill was inspired by reason of the fact that there are a number of communities in the United States where today it is impossible to secure direct television programs for their schools and other educational institutions.

CATV is a commercial service offered in many communities which cannot directly receive television programs. A tall antenna or tower is erected capable of receiving television signals which otherwise could not be received in such an area. Transmission lines then transmit these signals on cable from the tower to the subscribing houses in the community.

In a few cases, private telephone companies do furnish lines or channels of communication for community antenna television distribution systems. Although the language of the bill is confusing on this point, its apparent objective is to prohibit the use of REA borrowed funds for operating a community antenna distribution system unless it was intended for educational purposes. At this point, I might say that I do not believe the language excepting educational purposes from the exclusion of CATV systems or facilities is necessary in the bill because H.R. 10708 would enable REA financed telephone companies to furnish lines for closed circuit educational television to rural schools without any reference to CATV systems. CATV sys-

tems are a thing apart from this type of facility. For all practical purposes, it is difficult to conceive of a community antenna system such as I have described being set up solely for educational purposes.

The final service excluded in this bill is "radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended."

This provision would exclude from permissible REA financing any radio communication service whose purpose is the dissemination of radio communications intended to be received by the public, directly or by the intermediary of relay stations. This, of course, has reference to facilities which must be licensed under section 301 of our act and means that regular radio and television broadcast stations as well as boosters and translators are excluded.

Finally, you wish to know whether a CATV system might be considered an instrumentality within the meaning of section 3(b) of the Communications Act and, consequently, engaged in "broadcasting" under section 3(o) of our act. The Commission has taken the position that, assuming *ad arguendo* this is so, this would not in and of itself give us jurisdiction to regulate CATV systems. Section 301 of our act provides in general that the operation of any apparatus for the transmission of energy or communications or signals by radio shall be only pursuant to the act and in accordance with a license issued thereunder, by the Commission. Therefore, section 301 clearly does not include the transmission of programs by CATV systems, since such transmission of programs by CATV is by wire.

To conclude, I should like to submit for your consideration a proposed substitute definition of "telephone service."

"(a) 'Telephone service' shall mean communications services and facilities, other than message telegraph service, the charges for which are subject to public regulation under the Communications Act of 1934, or any amendment thereof, or would be subject to such regulation thereunder if such a service or facility were furnished in interstate commerce; and shall also include any communications service or facility, other than message telegram service, the charges for which are or become subject to regulation under existing or future laws of any State, territory, or the District of Columbia, but only in the jurisdiction or jurisdictions in which the charges for such services or facility are subject to regulation. *Provided, however,* That the rendering of community antenna television distribution shall not be deemed to be telephone service."

In my opinion, this definition would more nearly accomplish the purpose of H.R. 10708, i.e., permit REA-financed telephone services to render the same service that other telephone utilities offer. Specifically, it would enable REA-financed telephone companies to offer the same telegraphic services generally offered by privately financed telephone companies. This, of course, is not possible under existing law and would not be possible under H.R. 10708 either.

Moreover, it would still enable these REA-financed telephone companies to finance the local distribution facilities intended for use in educational television to rural schools while retaining the exclusionary provisions with respect to CATV systems. Although the proviso excluding "CATV's" may appear to be surplusage since under the definition of "telephone service" REA-financed companies could only render common carrier services and the Commission has held that

CATV's are not rendering a common carrier service, we felt it advisable to include it because the Commission's position on this matter is presently before the court of appeals for review.

Finally, as you will observe, the definition is flexible enough to permit REA loans for any future services which privately financed telephone companies may be permitted to engage in under State or Federal law.

I hope that the foregoing will prove helpful and that you will excuse the delay in answering your correspondence but, as you can see, it is a very complex matter.

Sincerely yours,

ROBERT E. LEE, *Acting Chairman.*

U.S. DEPARTMENT OF AGRICULTURE,
RURAL ELECTRIFICATION ADMINISTRATION,
Washington, D.C., August 31, 1962.

HON. SPESSARD L. HOLLAND,
U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: Mr. Harker Stanton has been kind enough to send us for our comment a copy of the letter dated August 14, 1962, to you from Robert E. Lee, Acting Chairman of the Federal Communications Commission, relative to H.R. 10708, a proposal to amend the definition of "telephone service" in section 203 of the Rural Electrification Act of 1936, as amended.

Following conferences with officials of the Commission on this matter, the Commission and we are in concurrence in submitting to you the following revision of the definition as being effective to carry out the intent of the bill:

"(a) As used in this title, the term 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean *message telegram service* [telegraph service or facilities] or community antenna television system services or facilities [such services and facilities shall be limited to closed circuit television operations] other than those intended *exclusively* for educational purposes, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended." [New material in italic; deleted material in black brackets.]

This adopts the suggestion made in Mr. Lee's letter that the phrase "message telegram service" be substituted for the phrase "telegraph services" which now appears in the bill.

With respect to the language dealing with community antenna television system or services, retention of the educational purpose exception has been agreed upon. However, the word "exclusively" has been inserted to indicate clearly the intent that noneducational CATV services and facilities, as such shall not be financed.

The Federal Communications Commission has indicated its concurrence by letter, copy of which is attached.

We appreciate your affording us the opportunity to furnish our comments. It is our hope, in view of the interest of several of our borrowers

in proceeding with their plans in support of educational television in their communities, that the bill will be favorably acted upon in the near future.

Sincerely yours,

RICHARD H. WOOD,
Acting Administrator.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., August 31, 1962.

HON. NORMAN M. CLAPP,
*Administrator, Rural Electrification Administration,
Department of Agriculture, Washington, D.C.*

DEAR MR. CLAPP: This is in response to your request for our opinion as to whether the following proposed revised definition of "telephone service" in H.R. 10708 effectively carries out the intent of that bill. As I understand it, you would amend the definition of "telephone service" in H.R. 10708 to read as follows:

"(a) As used in this title, 'telephone service' shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended."

Without expressing any opinion on the policy considerations involved, especially the intent to exclude commercial CATV systems from using REA financed facilities, I would say that, in my opinion, the revised definition would enable REA-financed telephone systems to render the same service that other telephone utilities offer. It would also exclude the use of REA-financed facilities by commercial CATV systems while still permitting the REA-financed companies to finance the local distribution facilities intended for use in educational television to rural schools.

With respect to the phrase "other than those intended exclusively for "educational purposes" in the amended definition, let me say that I do not believe that it is necessary in order to accomplish the purpose of furnishing educational television to rural schools. The definition of telephone service would appear broad enough to include the types of distribution facilities necessary to accomplish this purpose. Moreover, we are not aware of any educational CATV systems, so that there would appear to be no need for the specific exemption tied to the term "CATV." But as I understand it, the phrase in question is added in order to remove all possible doubt on this important aspect of the bill. The Commission has, of course, no objection to its inclusion. We would suggest that it might be helpful if the committee report contain recognition that the phrase, while perhaps not essential, is being used in order to be perfectly clear in this respect.

In short, it is my opinion that the proposed revised definition would effectively carry out the intent of the bill.

I hope that the foregoing information will be helpful.

Sincerely yours,

HENRY GELLER,
Acting General Counsel.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

RURAL ELECTRIFICATION ACT OF 1936

* * * * *

SEC. 203. (a) As used in this title, the term "telephone service" shall be deemed to mean any communication service [whereby voice communication through the use of electricity between the transmitting and receiving apparatus, is the principal intended use thereof,] *for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus,* and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean [telegraph services or facilities] *message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes,* or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended.

○

Calendar No. 2183

87TH CONGRESS
2^D SESSION

H. R. 10708

[Report No. 2221]

IN THE SENATE OF THE UNITED STATES

MAY 21, 1962

Read twice and referred to the Committee on Agriculture and Forestry

OCTOBER 1, 1962

Reported by Mr. HOLLAND, with an amendment

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 203 of the Rural Electrification Act of 1936, as
4 amended (7 U.S.C. 924), is amended by striking out sub-
5 section (a) thereof, and inserting in lieu thereof the
6 following:

7 “(a) As used in this title, the term ‘telephone service’
8 shall be deemed to mean any communication service for the
9 transmission of voice, sounds, signals, pictures, writing, or

1 signs of all kinds through the use of electricity between the
2 transmitting and receiving apparatus, and shall include all
3 telephone lines, facilities, or systems used in the rendition of
4 such service; but shall not be deemed to mean ~~telegraph~~
5 ~~services or facilities; or community antenna television sys-~~
6 ~~tem services or facilities~~ such services and facilities shall be
7 limited to closed circuit television operations other than those
8 ~~intended message telegram service or community antenna tele-~~
9 ~~vision system services or facilities other than those intended~~
10 *exclusively* for educational purposes, or radio broadcasting
11 services or facilities within the meaning of section 3 (o) of the
12 Communications Act of 1934, as amended.”

Passed the House of Representatives May 17, 1962.

Attest:

RALPH R. ROBERTS,

Clerk.

[Report No. 2221]

AN ACT

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

MAY 21, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

OCTOBER 1, 1962

Reported with an amendment

11. LOANS. Passed without amendment H. R. 12653, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the amount of loans which may be insured under the Act. This bill will now be sent to the President. pp. 20491-2
Passed without amendment H. R. 946, to extend to oyster planters the benefits of the provisions of present law which provide for production disaster loans for farmers and stockmen. This bill will now be sent to the President. p. 20491
12. SCHOOL LUNCH. Both Houses received and the Senate agreed to the conference report on H. R. 11665, to amend the National School Lunch Act so as to revise the formula for apportioning cash assistance funds to States to base it on the number of lunches served in the preceding year and a slightly modified assistance need factor (instead of on the number of children aged 5 to 17 and the assistance need factor) and provide for a three-year transition to the new formula (25 percent of the funds being apportioned on the new formula the first year, 50 percent the second year, and 75 percent on the new formula the third year)(H. Rept. 2512). pp. 20535, 20595-6, 20571, 20650
13. FOREIGN AID APPROPRIATION BILL, 1963. By a vote of 57 to 24, passed with amendments this bill, H. R. 13175. Conferees were appointed. pp. 20446-68, 20494-5, 20500-03, 20510-3
14. WORLD FOOD CONGRESS. The Foreign Relations Committee reported with amendment S. 3679, to authorize appropriations to enable the U. S. to extend an invitation to the Food and Agricultural Organization of the U. N. to hold a World Food Congress in the U. S. in 1963 (S. Rept. 2263). p. 20514
15. MINERALS. Passed as reported S. 1696, to authorize the Secretary of the Interior to conduct a survey of federally-owned lands for the purpose of locating strategic minerals. pp. 20475-6
16. TOBACCO. Passed without amendment H. R. 12855, to amend the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotments so as to exclude cigar-filler and cigar-binder tobacco, types 42, 43, 44, 53, 54, and 55 from the lease and transfer authority. This bill will now be sent to the President. p. 20492
17. ELECTRIFICATION. Passed as reported H. R. 10708, to amend the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. p. 20492
18. EDUCATION. Passed as reported S. 3477, to provide a program to assist the States in further developing their programs of general university extension education to be operated by the State universities and land-grant colleges. pp. 20476-8
19. FORESTRY. Passed as reported S. 3370, to authorize the Secretary of Agriculture to relinquish to Wyo. jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain District. p. 20492
Sen. Yarborough inserted an article discussing the purpose and problems of the national parks, "National Parks - A National Issue." pp. 20492-3
20. BONDING. Received from Treasury a report on operations in connection with the bonding of Government officers and employees for fiscal year 1962. pp. 20513-4
21. COMMUNICATIONS. The Government Operations Committee reported without amendment H. R. 11899, to amend the Federal Property and Administrative Services Act so

as to provide for a Federal telecommunications fund (S. Rept. 2262). p. 20514

22. WATER POLLUTION. Passed without amendment H. R. 10617, to give the U. S. district courts concurrent original jurisdiction of cases involving the pollution of interstate river systems where the pollution is an alleged violation of an interstate compact and the signatory States have consented to such jurisdiction in their compact. This bill will now be sent to the President. pp. 20479-80
23. PUBLIC LANDS. Passed without amendment H. Con. Res. 574, to authorize the compiling and printing of a U. S. map showing the extent of public surveys, national forests, national parks, reclamation projects, etc. p. 20487
24. APPROPRIATIONS. Sen. Smathers submitted notice of his intention to suspend the rules for the purpose of proposing an amendment to H. R. 13290, the supplemental appropriation bill, so as to include the provisions of a recently passed bill to provide for retirement plans for self-employed individuals. pp. 20515-21
25. PASSED OVER the following bills:
 - S. 2225, to fix the fees payable to the Patent Office. p. 20473
 - H. R. 8140, to strengthen the laws relating to conflict of interest. p. 20486
26. LIBRARY. Sen. Jordan inserted a report of the Library of Congress on its functions and programs. pp. 20523-31
27. TRADE FAIRS. Conferees were appointed on S. 3389, to promote the foreign trade of the U. S. through the use of mobile trade fairs. House conferees have not yet been appointed. p. 20535
28. MIGRATORY BIRDS. Concurred in the House amendment to S. 3504, to authorize the appropriation of \$7500 for expenses of the Migratory Bird Conservation Commission. This bill will now be sent to the President. p. 20540
29. TRANSPORTATION. Agreed to the conference report on S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor common carriers operating within a single State to engage in interstate or foreign operations within the State. This bill will now be sent to the President. pp. 20546-7
30. PATENTS. Passed as reported S. 2639, to amend title 35, U.S.C., to permit a written declaration to be accepted in lieu of an oath from applicants for patents or trademarks. pp. 20566-7
 - Passed as reported H. R. 12513, to provide for public notice of settlements in patent interferences. p. 20566
31. STATE-JUSTICE-COMMERCE APPROPRIATION BILL, 1963. This bill, H. R. 12580, was made the unfinished business of the Senate. p. 20567
32. WATERSHEDS. The "Daily Digest" states that the Public Works Committee "in executive session, approved the following watershed projects: Tobesoskee Creek, Ga.; Cottonwood Creek, Okla.; Delaware Creek, Okla.; and Boulder Lake Watershed, Wyo." p. D927
33. LEGISLATIVE PROGRAM. Sen. Mansfield announced that H. R. 8140, to strengthen the criminal laws relating to bribery, graft, and conflict of interest, will be considered on Wed., followed by the State, Justice, and Commerce appropriation bill; the conference report on the drug bill; and the conference report on the

The bill (S. 3760) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 201 of the National Defense Education Act of 1958 is amended by striking out "each for the fiscal year ending June 30, 1962, and for the two succeeding fiscal years" and inserting in lieu thereof "for the fiscal year ending June 30, 1962, \$125,000,000 each for the fiscal year ending June 30, 1963, and the succeeding fiscal year".

(b) Section 203(b) of such Act is amended by striking out "\$250,000" and inserting in lieu thereof "\$500,000".

SEC. 2. Section 302(a)(4) of such Act is amended to read as follows:

"(4) The amount of any State's allotment under this subsection for any fiscal year which the Commissioner determines will not be required for such fiscal year for carrying out the part of the State plan (if any) approved under this part for which such allotment is available shall be available for reallocation from time to time, on such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under this subsection, but with such adjustments as may be necessary to prevent reallocation to any State of any sum in excess of the amount which the Commissioner estimates it needs and will be able to use for such year for carrying out the part of the State plan for which the amount reallocated would be available. Any amount reallocated to a State under this paragraph during the year from funds appropriated pursuant to the first sentence of section 301 shall be deemed part of its allotment under this subsection for such year."

SEC. 3. Section 303(a)(1) of such Act is amended by striking out "suitable" and inserting in lieu thereof the following: "and of test-grading equipment, equipment for use by teachers or students in public elementary or secondary schools for producing or reproducing audiovisual materials for instructional purposes, and specialized equipment for audiovisual libraries or centers serving such schools."

EXTENSION TO OYSTER PLANTERS OF BENEFITS OF DISASTER LOANS FOR FARMERS AND STOCKMEN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2181, House bill 946.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 946) to extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 2219—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Agriculture and Forestry, to whom was referred to bill (H.R. 946), to extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen, having considered

the same, report thereon with a recommendation that it do pass without amendment.

This bill would authorize disaster loans to oyster planters under subtitle C of the Consolidated Farmers Home Administration Act of 1961. Hearings were held by the subcommittee in charge of this legislation and have been printed. There was no opposition to the bill.

At the hearing several witnesses proposed an amendment to include shrimp fishermen. The committee considered this amendment carefully, but felt that the inclusion of fishermen who move from place to place in their operations and whose operations have none of the incidents of farming should not be included in a farm loan bill. As pointed out in the attached report of the House Committee on Agriculture, oystermen generally are not covered by the bill, but only oyster planters. Oyster planters plant, cultivate, and harvest their crops like other farmers and have been treated as farmers in other farm loan legislation.

The report * * * of the House Committee on Agriculture * * * further explains the bill and the need for its enactment:

"[H. Rept. No. 1502, 87th Cong., 2d sess.]

"The Committee on Agriculture, to whom was referred the bill (H.R. 946) to extend oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

"The amendments are as follows:

"Strike out all after the enacting clause and insert:

"That subsection (v) of section 321 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out "farmers or ranchers" and inserting "farmers, ranchers, or oyster planters" and by striking out "farming or ranching" and inserting "farming, ranching, or oyster planting."

PURPOSE

"The bill would amend the emergency loan provisions of the Consolidated Farmers Home Administration Act of 1961 to make it clear that oyster planters are included among the eligible recipients of such loans.

"Emergency loans as authorized by this act may be made by the Farmers Home Administration only in so-called disaster areas which have been designated by the Secretary of Agriculture as the result of a finding (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans under regular FHA real estate or production loan authorities) at reasonable rates and terms for loans for similar purposes and periods of time, and (2) that the need for such credit in such area is the result of a natural disaster.

"Such loans may be made for any of the purposes for which regular FHA real estate or production loans may be made but only in the event of the three conditions noted above (1) that there has been a natural disaster in the area, (2) that agricultural credit is not available from any other responsible source, and (3) that the area has been designated as a disaster area by the Secretary of Agriculture. Inclusion of oyster planters in this disaster loan program would not make them eligible for regular FHA loans.

NEED FOR THE LEGISLATION

"The immediate need for the legislation is, of course, the disaster which has struck the oyster-producing area of the Atlantic coast as the result of the recent destructive storm. This storm washed over the outer sand barriers and into the bays and inlets where oysters are produced. It covered many

of the beds with sand, killing the oysters therein, and otherwise caused serious damage, if not complete destruction, of many of the oysterbeds. This will require rehabilitation of the beds, in some instances the establishment of a new rock bottom, on which the oysters may grow, and certainly the replanting of the beds to new oysters.

"Oystermen are distinguished from other producers of seafoods in at least two respects: (1) Oysters do not travel from place to place but remain fixed at one locality after a very early stage of their development; and (2) most oysters are grown on legally designated plots of land beneath the surface of bays and salt water inlets which are marked by fixed boundaries and which either belong to the oyster planter or are leased from some State or other agency for the purpose of oyster production. In addition, oysters are planted, cultivated, and harvested much as any other agricultural crop and are ordinarily produced on land which has been specially prepared for that purpose.

"In this connection, it will be noted that the committee has used the words "oyster planters" rather than "oystermen" to distinguish the operation described above from that of searching for oysters in the open sea and harvesting them from wild beds.

"The concept that oyster planters might be considered farmers under the provisions of the agricultural loan programs is not a new one. By the act of June 18, 1934 (12 U.S.C. 1131g-2) Congress authorized production credit associations, operating under the Farm Credit Administration, to make loans to oyster planters. The authority for FHA emergency loans contained in this bill does not duplicate this authority, since the emergency loan provisions of the act provide that such loans may not be made to any farmers (including oyster planters) if credit is available from other sources, including production credit associations.

COST

"Since the total amount of loans by the Farmers Home Administration is authorized from year to year by the Congress and since the emergency loans to oyster planters which might be made pursuant to the authority of this bill would come within that total authorization, there would not be any additional cost to the Government as the result of the enactment of this bill.

COMMITTEE AMENDMENT

"H.R. 946 was introduced on January 3, 1961, before the enactment in the Agricultural Act of 1961 of the Consolidated Farmers Home Administration Act of 1961. This act consolidated the many laws relating to FHA loan operation into one statute and repealed a number of previous statutes relating to specific parts of the loan program, including the act of April 6, 1949, which H.R. 946 would have amended. The committee amendment, therefore, merely applies the purpose of H.R. 946 to the law as it exists today."

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2182, House bill 12653.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be

insured under subtitle A of such act was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 2220—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this bill is to increase from \$150 million annually to \$200 million annually the amount of loans which may be insured under the Consolidated Farmers Home Administration Act of 1961.

NEED FOR THE LEGISLATION

A substantial part of the FHA loan program for farmers is carried out by insuring loans made by private credit agencies which meet the standards and requirements of the Farmers Home Administration, rather than by the direct use of Federal funds. The current authorization for such loans, enacted as part of the Agricultural Act of 1961, limits the amount of insured loans in any fiscal year to \$150 million. The demand for insured loans was so great during the last previous fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. This bill will permit FHA to meet this demand for agricultural credit at least for the current fiscal year by increasing the authorization for insured loans to \$200 million.

COMMITTEE AMENDMENT

The bill as introduced would have authorized an increase in the amount of insured loans to \$300 million. The Secretary of Agriculture in reporting favorably on the bill recommended that this be reduced to \$200 million and the committee has followed this recommendation.

COST

There will be no appreciable increase in administrative cost as the result of this legislation and, on the contrary, it will permit a substantial increase in FHA loans to farmers with the use of private funds rather than Federal funds.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2183, House bill 10708.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, which had been reported from the Committee on Agriculture and Forestry, with an amendment on page 2, line 4, after the word "mean", to strike out "telegraph services or facilities, or community antenna television system services or facilities such service and facilities shall be limited to closed circuit television operations other than those intended" and insert "message telegram service or community antenna television system services or facilities other than those intended exclusively".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2184, House bill 12855.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 12855) to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments was considered, ordered to a third reading, was read the third time, and passed.

POLE MOUNTAIN DISTRICT

Mr. MANSFIELD. Mr. President, I ask that the Senate now proceed to consider Calendar No. 2185, Senate bill 3370.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3370) to authorize the Secretary of Agriculture to relinquish to the State of Wyoming jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain district, which had been reported from the Committee on Agriculture and Forestry, with an amendment on page 1, line 3, after the word "authorized", to strike out "and directed to relinquish to the State of Wyoming all" and insert "to relinquish to the State of Wyoming such measure as he may deem desirable of legislative"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Agriculture is authorized to relinquish to the State of Wyoming such measure as he may deem desirable of legislative jurisdiction heretofore acquired by the United States over lands within the Medicine Bow National Forest constituting the area known as the Pole Mountain District, created by Executive Order Numbered 4245, dated June 5, 1925, as amended by public land order numbered 1897, dated July 10, 1959.

(b) Relinquishment of jurisdiction under the authority of this Act may be made by filing with the Governor of the State of Wyoming a notice of such relinquishment, which shall take effect upon acceptance thereof by the State of Wyoming in such manner as the laws of such State may prescribe.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF FOOD AND AGRICULTURE ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2186, Senate bill 3756.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3756) to amend section 309 of the Food and Agriculture Act of 1962.

Mr. MANSFIELD. Instead, Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 13241, to amend section 309 of the Food and Agriculture Act of 1962. This bill was received only today from the House of Representatives; and, first, I ask that the bill be read twice.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senate will now proceed to the consideration of House bill 13241, to amend section 309 of the Food and Agriculture Act of 1962.

The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 13241) was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3756 will be indefinitely postponed.

Mr. MANSFIELD. Those are all the measures on the calendar which I wish to ask the Senate to consider at this time.

CONSERVATION NEWS CITES NATIONAL WILDLIFE FEDERATION'S BASIC PURPOSE OF ESTABLISHING AND MAINTAINING NATIONAL PARKS

Mr. YARBOROUGH. Mr. President—

Mr. HUMPHREY. Mr. President, how much time does the Senator from Texas wish?

Mr. YARBOROUGH. One minute.

Mr. HUMPHREY. I yield 1 minute to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, the Conservation News, a publication of the National Wildlife Federation, recently published a series of excellent articles dealing with the purpose and some of the problems of national parks.

Since this 87th Congress has established a record by legislation authorizing three national seashore recreational areas, opening up vast new areas to permanent public use, this article in the Conservation News will, I am sure, be of interest to my colleagues.

The three national seashore recreational areas established by this Congress are Point Reyes in California, Cape Cod in Massachusetts, and Padre Island, off the Texas Gulf Coast. The most recent of these to be approved was my bill for a national seashore recreational area on 80.5 miles of Padre Island.

Because of the interest in national parks and the concern of this 87th Congress over the need for preserving recreational areas for this and future generations and because of the difference in national parks, national seashore recreational areas, and national military parks, I ask unanimous consent to have printed in the RECORD an article, captioned "National Parks—A National Issue" from the October 1, 1962, edition of Conservation News.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Oct. 4, 1962
For actions of Oct. 3, 1962
87th-2d, No. 180

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HIGHLIGHTS: Sen. Miller criticized farm program. Sen. Humphrey commended dairy donation program. Sen. Morse inserted article on dangers in use of pesticides. Senate passed bill for holding World Food Congress. Sen. Burdick commended transportation industry in moving grain crop. Sen. Humphrey expressed regret over failure to pass Youth Conservation Corps bill. Sen. Morse defended location of forest fire research laboratories. Senate passed State-Justice-Commerce appropriation bill. House committee reported wilderness bill. House passed supplemental appropriation bill. House committee reported bill for holding World Food Congress. Both Houses received and Senate agreed to conference report on pay bill.

HOUSE

1. WILDERNESS. The Interior and Insular Affairs Committee reported with amendment H. R. 776, to establish a national wilderness preservation system for the permanent good of the whole people (H. Rept. 2521). p. 20787
2. FOOD CONGRESS. The Foreign Affairs Committee reported without amendment H. R. 13307, authorizing an appropriation to enable the U. S. to extend an invitation to the Food and Agriculture Organization of the U. N. to hold a World Food Congress in the U. S. in 1963 (H. Rept. 2524). p. 20787
3. MONOPOLIES. The Rules Committee reported a resolution for the consideration of H. J. Res. 636, the proposed Quality Stabilization Act. pp. 20655, 20787
4. ELECTRIFICATION. Began debate on the Senate amendment to H. R. 10708, to amend the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures,

writing, or signs as well as voice. p. 20728

Received from the Federal Power Commission a copy of a publication, "Typical Electric Bills, 1962." p. 20787

5. FOREIGN AID APPROPRIATION BILL, 1963. Conferees were appointed on this bill, H. R. 13175. Senate conferees have already been appointed. pp. 20654-5
6. SUPPLEMENTAL APPROPRIATION BILL, 1963. Passed with amendment this bill, H. R. 13290 (pp. 20656-81). Agreed to an amendment appropriating \$250,000 for ARS for plant and animal disease and pest control (pp. 20667-70). As reported this bill includes \$500,000 for the Bureau of Outdoor Recreation, and \$3,850,000 for the revolving fund for the Virgin Islands Corporation.
7. MINERALS. Both Houses received from the President the semiannual report of the Office of Minerals Exploration. pp. 20681, 20789
8. PUBLIC WORKS. Passed with amendment H. R. 13273, the public works authorization bill. pp. 20681-719
9. TRADE FAIRS. Conferees were appointed on S. 3389, to promote the foreign commerce of the U. S. through the use of mobile trade fairs. Senate conferees have already been appointed. p. 20686
10. ROADS. Received from GAO a report on a review of selected activities of the Federal-aid highway program in Idaho. p. 20787
11. LEGISLATIVE ORGANIZATION. Rep. Halpern urged agreement to a resolution creating a Joint Committee on the Organization of the Congress. p. 20786
12. LEGISLATIVE RECORD. Several Representatives inserted statements on the legislative accomplishments of the 2nd session of the 87th Congress. pp. 20774-81, 20781-3.
13. LEGISLATIVE PROGRAM. Rep. Albert announced the following legislative program for Thurs.: H. R. 3985, import duty on certain bread; H. R. 12109, duty-free entry of certain grasses; H. R. 5260, processing tax on coconut oil; H. R. 5700, contract carriers; conference report on H. R. 11970, proposed Trade Expansion Act of 1962; conference report on H. R. 12648, the agricultural appropriation bill; conference report on H. R. 7927, the pay bill; conference report on S. 1552, the drug bill; S. 1123, to extend certain child labor provisions of the Fair Labor Standards Act to children employed in agriculture; and the conference report on H. R. 11665, the school lunch fund apportionment bill. p. 20755

SENATE

14. PERSONNEL. Both Houses received and the Senate agreed to the conference report on H. R. 7927, the Federal pay and postal rate increase bill (H. Rept. 2525) (pp. 20732-55, 20787, 20855-7). See Digest 174 for items of interest. The Foreign Relations Committee reported without amendment S. 3459, to authorize the appointment of one additional Assistant Secretary of State (S. Rept. 2272). p. 20790
Received from the Joint Committee on Reduction of Nonessential Federal Expenditures the report on Federal employment and pay for August 1962. pp. 20790-3
15. FARM PROGRAM. Sen. Miller referred to Sen. Humphrey's recent criticism of

NONAPPLICABILITY TO COSMETICS

The House amendment contained a provision to the effect that the Drug Amendments of 1962 shall not apply to any cosmetic unless such cosmetic is also a drug or device, or component thereof.

The Senate bill did not contain a comparable provision.

The conference substitute includes this House provision.

INFORMATION TO PHYSICIANS AND OTHERS

The Senate bill contained a provision which would have deemed a prescription drug to be misbranded if the manufacturer, packer, or distributor thereof does not furnish practitioners upon written request true and correct copies of all printed matter which is required to be included in any package in which a drug is distributed or sold or such other printed matter as is approved by the Secretary.

The House amendment did not contain a comparable provision.

The conference substitute in substance adopts the Senate provision but failure to comply with this provision would not constitute a misbranding; rather it would be a prohibited act under section 301 of the Federal Food, Drug, and Cosmetic Act.

PRESCRIPTION DRUG ADVERTISEMENTS

The House amendment contained a provision rendering a prescription drug misbranded unless the manufacturer, packer, or distributor thereof sets forth in all advertisements and other descriptive printed matter issued by him a true statement of (1) the established name printed prominently and in type at least half as large as that used for any trade or brand name thereon, (2) the formula showing quantitatively each ingredient of such drug, and (3) such other information, in brief summary, relating to side effects, contraindications, and effectiveness as shall be required in regulations which shall be issued by the Secretary.

The House amendment further provided that, except in extraordinary circumstances, no regulation issued under this provision shall require prior approval by the Secretary of the content of any advertisement.

The Senate version of this provision did not contain the requirement that the information relating to side effects, etc., be "in brief summary" and did not contain the provision relating to prior approval of the content of any advertisement.

The conference substitute adopts the House version of this provision but provides that the ingredient formula in advertisements does not need to include inactive ingredients except as they are required under section 502(e) of the Act.

The managers on the part of the House (with the managers on the part of the Senate concurring) desire to stress that, notwithstanding the provision precluding a requirement of prior approval by the Secretary of the content of any advertisement, manufacturers who desire to do so may voluntarily submit their advertisements to the Secretary prior to publication, and the Secretary is authorized under this legislation to review proposed advertising so submitted to him. It is the intention of the managers on the part of the House (with the managers on the part of the Senate concurring) that no action shall be brought by the Secretary under this section because of the use of an advertisement submitted to him prior to publication and found not to be in violation of this paragraph, unless he subsequently finds the advertisement in violation, advises the advertiser, and allows reasonable time to effect the necessary correction.

Furthermore, in administering the requirement contained in the conference substitute that advertisements contain brief summaries of side effects, etc., the Secretary under the conference substitute has sufficient discre-

tion to exercise due regard to the size of the advertisement, the need for protecting the public health, and the conditions for which the drug is offered in the advertisement.

The term "brief summary" would authorize the setting out in brief form information which would fairly show the effectiveness of the drug and any contraindications, etc., in a form which, while brief, would not be false or misleading. The term would permit reasonable variations in the content of advertisements depending on their size, in order to keep the costs to small manufacturers from becoming too large in complying with the requirements of the section.

FACTORY INSPECTION

Both the Senate version and the House amendment contained identical provisions extending the scope of permissible inspection by Food and Drug Administration inspectors in the case of establishments in which prescription drugs are manufactured, processed, packed, or held and specifying certain exclusions and exemptions from such inspection. The Senate version, in enumerating the establishments subject to such inspection, contained a specific reference to consulting laboratories. The House version did not specifically provide for the inspection of consulting laboratories. It also included a list, not included in the Senate version, of specific items which may be inspected.

The conference substitute followed the Senate version. It is the understanding of the conferees that the term "consulting laboratory" includes only laboratories which, for a fee or other remuneration, perform, or undertake to perform, testing or consulting services for other establishments; university laboratories which perform consulting or testing services not for remuneration are not intended to be included. It should be noted that the provision in both versions and in the conference substitute exempting persons who manufacture, prepare, propagate, compound, or process drugs solely for use in research, teaching, or chemical analysis and not for sale, is not intended to exempt from inspection consulting laboratories specifically referred to in the bill, as above explained.

CONFIDENTIALITY OF INFORMATION OBTAINED BY INSPECTION

The House amendment amended section 301(j) of the Federal Food, Drug, and Cosmetic Act with regard to the confidentiality of information obtained by inspection.

The Senate bill did not contain a similar provision.

The conference substitute omits the provision contained in the House version amending section 301(j) of the act. This leaves existing law on this subject unchanged.

EFFECT ON STATE LAWS

The House amendment contained a provision to the effect that nothing in the Federal Food, Drug, and Cosmetic Act, as amended, shall be construed as invalidating any provision of State law which would be valid in the absence of such act unless there is a direct and positive conflict between such act and such provision of State law.

The Senate bill did not contain a comparable provision.

The conference substitute retains the House provision but makes the provision applicable only to the amendments made by this act to the Federal Food, Drug, and Cosmetic Act.

EFFECTIVE DATE

The House amendment contained a provision making the provisions contained in title II—Factory Inspection Authority—effective on the date of enactment of this act.

The Senate bill did not contain a comparable provision.

The conference substitute contains this House provision.

INFORMATION ON PATENTS FOR DRUGS

The Senate bill contained a provision authorizing and directing the Secretary, upon request from the Commissioner of Patents, to furnish full and complete information with respect to such questions relating to drugs as the Commissioner may submit concerning any patent application. This provision further authorized and directed the Secretary, upon receipt of any such request, to conduct or cause to be conducted such research as may be required.

The House amendment did not contain a comparable provision.

The conference substitute contains the Senate provisions but merely authorizes the Secretary, upon receipt of any such request from the Commissioner of Patents, to conduct any research that may be required.

REGISTRATION

The Senate version added to the Federal Food, Drug, and Cosmetic Act a new section requiring the annual registration, with the Secretary of Health, Education, and Welfare, of certain establishments in any State engaged in the manufacture, preparation, propagation, compounding, or processing of a drug or drugs; making establishments so registered subject to inspection with respect to all the things that are subject to inspection under section 704 and requiring such inspection at least once every 2 years. Pharmacies and certain enumerated establishments are excluded. A drug manufactured, prepared, propagated, compounded, or processed in an establishment in any State (as elsewhere defined in the bill) not duly registered was declared to be misbranded, and the failure to register as required was declared to be a prohibited act.

The House version did not contain any comparable provision.

The conference substitute contains the provisions of the Senate version, with certain clarifying amendments, including congressional findings making clear the intent to include in the registration and inspection requirements of this part of the bill establishments engaged only in intrastate commerce, and added a provision permitting foreign establishments to register with the Secretary pursuant to regulations to be promulgated by him upon condition that adequate and effective means are available, by arrangement with the government of the foreign country involved or otherwise, to enable the Secretary to determine whether drugs emanating from such establishments are subject to exclusion under the import provisions of the bill. In connection with the last mentioned provision, the Senate version also amended the import provisions of the act so as to assure that the Secretary of the Treasury will transmit to the Secretary of Health, Education, and Welfare, for examination, samples of all shipments from foreign establishments that are not registered under the registration provisions of the bill. This provision is not intended to limit the present authority of the Secretary of Health, Education, and Welfare to request and obtain samples of shipments offered for import, to determine whether such shipments are admissible.

DISTRIBUTION OF INFORMATION BY SECRETARY OF HEALTH, EDUCATION, AND WELFARE

The Senate bill contained a provision requiring the Secretary of Health, Education, and Welfare to publish and distribute on a current basis to physicians, hospitals, etc., true and correct copies of all printed matter which the Secretary has required to be included in any package in which any drug is distributed or sold or of brochure approved by the Secretary and available to practitioners on request.

The House amendment did not contain a comparable provision.

The conference substitute does not contain any such provision.

DEFINITION

The Senate bill contained a definition of the term "State." The House amendment did not contain any such definition.

The conference report defines "State" appropriately for the different sections of the act and revises the definition of the term "territory" to exclude the Commonwealth of Puerto Rico.

OREN HARRIS,
KENNETH A. ROBERTS,
LEO W. O'BRIEN,
PAUL G. ROGERS,
JOHN B. BENNETT,
PAUL F. SCHENCK,
ANCHER NELSEN,

Managers on the Part of the House.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 4034. An act for the relief of Lt. Cmdr. David V. Kyrkiund;

H.R. 6386. An act for the relief of Cleo A. Dekat;

H.R. 7791. An act to amend title 13 of the United States Code to provide for the collection and publication of foreign commerce and trade statistics, and for other purposes;

H.R. 8321. An act for the relief of Maj. Clara May Matthews;

H.R. 8662. An act for the relief of Jose Fuentes;

H.R. 9128. An act for the relief of Sgt. Ernest I. Aguilar;

H.R. 9199. An act for the relief of certain officers and enlisted personnel of the 1202d Civil Affairs Group (Reinf Tng), Fort Hamilton, Brooklyn, N.Y.;

H.R. 9804. An act for the relief of Cuyahoga County, Ohio;

H.R. 9894. An act for the relief of Loretta Shea, deceased, in full settlement of the claims of that estate;

H.R. 10002. An act for the relief of civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard erroneously in receipt of certain wages due to a misinterpretation of a Navy civilian personnel instruction;

H.R. 10026. An act for the relief of Thomas J. Fitzpatrick and Peter D. Power;

H.R. 10199. An act for the relief of Lester A. Kocher;

H.R. 10415. An act for the relief of Earl T. Briley;

H.R. 10423. An act for the relief of Mrs. Dorothy H. Johnson;

H.R. 11058. An act for the relief of Carl Adams;

H.R. 11334. An act for the relief of Mary J. Papworth;

H.R. 11578. An act for the relief of Don C. Jensen and Bruce E. Woolner;

H.R. 12090. An act for the relief of James Comeau;

H.R. 12539. An act for the relief of Leslie O. Cox and other employees of the Federal Aviation Agency;

H.R. 12701. An act for the relief of Catalina Properties, Inc.; and

H.R. 12936. An act for the relief of Kenneth E. Foussé and others.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1552) entitled "An act to amend and supple-

ment the laws with respect to the manufacture and distribution of drugs, and for other purposes."

AMENDING SECTION 203 OF RURAL ELECTRIFICATION ACT OF 1936

Mr. POAGE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, with an amendment of the Senate thereto and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 4, strike out all after "mean" down to and including "intended" in line 8, and insert: message telegram service or community antenna television system services or facilities other than those intended exclusively.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. POAGE]?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the gentleman say that the amendment of the other body is germane to the bill?

Mr. POAGE. Yes, I think they struck out a part of our bill.

Mr. GROSS. I just want to be sure there is not any subject matter that has been added to the bill that is not germane. I could not ascertain from reading the Senate amendment hurriedly whether or not it is germane. Has the minority agreed to this?

Mr. POAGE. The minority has approved it. The gentleman from California [Mr. TEAGUE] is standing at the minority table.

Mr. GROSS. Mr. Speaker, I withdraw the reservation of objection.

PARLIAMENTARY INQUIRY

Mr. KEARNS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KEARNS. Mr. Speaker, I have two bills coming up tomorrow from my committee—the school lunch program and the child labor bill. I think the House is fairly well organized and I wonder if the Speaker could state when these bills will be programed for consideration.

The SPEAKER. The Chair will state in response to the parliamentary inquiry by the gentleman from Pennsylvania that the bills to which he has referred are programed for tomorrow.

Mr. KEARNS. Mr. Speaker, I have had my problems in connection with the Landrum-Griffin bill and the Hill-Burton Act and I have sat and listened to the testimony and debate on the school lunch program and the child labor bill. Could not these bills be brought up under unanimous consent?

The SPEAKER. The Chair will state that no one is more anxious than the

Chair to have both pieces of legislation brought up and considered as they will be under the rules of the House.

Mr. KEARNS. I thank the Speaker. The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. POAGE]?

Mr. CURTIS of Missouri. Mr. Speaker, reserving the right to object, and I believe I shall object, until we can understand what the amendments of the Senate are. In light of what transpired yesterday, I will object and I will continue to object until the House knows just what is in these amendments. I think it would be well if we waited. They will be printed in the RECORD and we will have a chance to read them and understand them.

The SPEAKER. Does the gentleman from Missouri yield to the gentleman from Texas [Mr. POAGE] to explain the amendments?

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. POAGE. The gentleman, apparently, does not want an explanation of the amendment.

Mr. CURTIS of Missouri. Mr. Speaker, I will say to the gentleman that these amendments frequently can be quite long and I cannot and I do not believe anyone can understand this in a few minutes at this time. I think if they are printed in the RECORD, we can read them and find out what they are for ourselves. It is very obvious that matters are coming over here that are not germane to legislation and are being agreed to by unanimous consent. As I said earlier, under the circumstances, I was going to object to these matters. They will be printed in the RECORD tomorrow and then, I am sure, there will not be any objection if the gentleman's explanation is correct.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. POAGE. I do not want to stand in the way of having it printed in the RECORD and being taken up tomorrow, but I would point out to the gentleman that these amendments are further limitations, that they were discussed by the committee, that there was a unanimous vote in the committee, with every member of the minority side present, that the ranking minority member of the committee approved the amendment this morning.

Mr. CURTIS of Missouri. Here is the problem, the gentleman from Iowa [Mr. HOEVEN] is the ranking minority member. He is not on the floor. I believe the gentleman's statement on these things, but I think it should be brought up when the chief member on the other side is present. I am just one Member of the House, but no harm can be done by having it printed in the RECORD tonight and take it up tomorrow.

Mr. POAGE. The gentleman from California is right there. He can vouch for it.

Mr. CURTIS of Missouri. He knows nothing about it; he told me so.

Mr. TEAGUE of California. The gentleman from Iowa [Mr. HOEVEN] did dis-

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19. PERSONNEL. Concurred in the Senate amendments to H. R. 8140, to strengthen the criminal laws relating to bribery, graft, and conflicts of interest. This bill will now be sent to the President. pp. 21130-1
20. ELECTRIFICATION. Concurred in the Senate amendment to H. R. 10708, to amend the Rural Electrification Act of 1936, so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. This bill will now be sent to the President. p. 21133
21. SCHOOL LUNCH PROGRAM. By a vote of 257 to 81, agreed to the conference report on H. R. 11665, to amend the National School Lunch Act so as to revise the formula for apportioning cash assistance funds to the States. This bill will now be sent to the President. (See Digest 179 for a summary.) pp. 21155-7
22. PUBLIC WORKS APPROPRIATION BILL, 1963. Received the conference report on this bill, H. R. 12900 (H. Rept. 2531)(pp. 21184-92). As reported from conference, the bill includes \$400,000,000 for the accelerated public works program. The Senate report on this bill includes the following statements:

"The authorizing legislation contains restrictions on the amounts of money that can be received by areas. Specifically, the act provides that at least \$300 million of the \$900 million authorized must be allocated for projects in areas designated under section 5(b) of the Area Redevelopment Act. In keeping with the provisions of the authorizing legislation, the committee desires that the funds appropriated in this act be prorated in accordance with the restrictions in the authorizing legislation."

"The committee notes that a large number of agencies will participate in the program, and in most instances their activity will represent a relatively modest increase in regular programs for which administrative funds have been or will be provided in the regular appropriations for such agencies. In a few cases, it is clear that additional administrative funds will be required. ...

"In view of the fact that the committee was unable to secure from the witnesses a specific program by agencies, it does not feel that it is feasible to establish specific amounts for administrative costs. However, the committee will expect the Bureau of the Budget to review all requests for allocations of administrative funds closely, and to assure that in no case are they in excess of amounts required for additional workload generated by the public works acceleration program, or disproportionately high as compared to the regular administrative costs of the programs increased or accelerated. In no case are these funds to be used merely to circumvent administrative expense limitations established in the various appropriation acts for these agencies."
23. FARM PROGRAM. Rep. Cooley reviewed the legislative accomplishments of the 87th Congress in farm legislation and said, "I have never known a Secretary of Agriculture who was a greater champion of farmers than Orville L. Freeman." pp. 21143-9
24. ASC COMMITTEES. Rep. Wilson, Ind., commended the ASC county committeemen saying, "I know of no more dedicated group of men than the 9,000 county committeemen and the 90,000 community committeemen throughout this Nation who are attempting ... to make democracy work." p. 21223
25. PATENTS. Concurred in the Senate amendments to H. R. 12513, to provide for public notice of settlements in patent interferences. This bill will now be sent to the President. pp. 21132-3

8. LEGISLATIVE ACCOMPLISHMENTS. Sen. Mansfield inserted a summary of significant legislative accomplishments during the 87th Congress, including those in the field of agriculture. pp. 21031-52
9. COFFEE. Received from the President for ratification the International Coffee Agreement for 1962. p. 20930
10. ELECTRIFICATION. Received from the Federal Power Commission a copy of a publication, "Typical Electric Bills, 1962." p. 20930
11. LOANS. Passed without amendment S. 3024, to extend the maximum maturity of Veterans' Administration guaranteed or insured loans from 30 to 35 years. p. 21064
12. INSPECTION; BRIDGES. The Foreign Relations Committee reported with amendments H.R. 683, to authorize the Donna-Rio Bravo Bridge Co. to construct a bridge across the Rio Grande river near Donna, Tex. (S. Rept. 2278). p. 20931
13. HEALTH; VACCINATIONS. Passed without amendment H. R. 10541, the proposed Vaccination Assistance Act of 1962. This bill will now be sent to the President. p. 21011
14. FOREIGN AID. Sen. Proxmire criticized a provision in the foreign aid appropriation bill giving the President discretion to extend aid to Yugoslavia and inserted several items. pp. 21029-30
Sen. Humphrey urged support for Senate amendments increasing appropriations for the foreign aid program. pp. 21081-2
15. WILDLIFE. Passed with amendment H. J. Res. 489, to provide for protection of the golden eagle. pp. 21091-5
16. FARM LABOR. Sen. Humphrey inserted and commended an article praising passage of legislation to provide health clinics and other health service for migratory workers. pp. 21080-1

HOUSE

17. AGRICULTURAL APPROPRIATION BILL, 1963. Acted on amendments in disagreement on this bill, H. R. 12648 (pp. 21136-9). Receded from disagreement to Senate amendment No. 1, deleting provision for acquisition of sites by ARS by donation, exchange, or purchase at a nominal cost not to exceed \$100 (p. 21136). By a vote of 339 to 5, agreed to Senate amendment No. 2 with an amendment providing funds for ARS for research and demonstrations on the production and utilization of agricultural products, home economics, and related research and services (pp. 21136-9). Concurred in Senate amendment No. 6, to delete provision of \$760,000 for ARS for construction of facilities and acquisition of the necessary land therefor by purchase, donation, or exchange (p. 21139). Insisted on disagreement to all other amendments formerly reported in disagreement (p. 21139).
18. FOOD CONGRESS. Passed without amendment S. 3679, authorizing an appropriation to enable the U. S. to extend an invitation to the Food and Agriculture Organization of the U. N. to hold a World Food Congress in the U. S. in 1963. This bill will now be sent to the President. A similar bill, H. R. 13307, was tabled. pp. 21131-2

the further reading of the amendments be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. TOLL]?

Mr. McCULLOCH. Mr. Speaker, reserving the right to object, and we will not ultimately object, I reserve the right to object so that the member of our committee, the able gentleman from Pennsylvania, can give us a full explanation of the amendment.

Mr. TOLL. Mr. Speaker, will the gentleman yield?

Mr. McCULLOCH. I yield to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Speaker, this bill would make it more difficult for patent applicants and owners to use an interference settlement agreement as a means of secretly violating the antitrust laws.

The purpose of the bill is to amend the patent laws to require the filing in the Patent Office of agreements settling patent interference proceedings. When two or more applicants claim substantially the same invention an interference is declared in order to determine which applicant is entitled to priority. Interference proceedings may be terminated in a manner hostile to the public interest by using patent interference settlement agreements as a means of restricting competition. To make such a practice more difficult the bill requires the filing of such agreements in the Patent Office.

The Senate amendments merely require the Commissioner of Patents to give the parties timely notice of the filing requirements and provide that the Commissioner's discretionary action shall be reviewable.

Mr. McCULLOCH. Mr. Speaker, the amendments are germane to the bill. That is unanimously agreed to; and the amendments are not objected to by any members of the committee so far as I know.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

Mr. POAGE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, together with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 4, strike out all after "mean" down to and including "intended" in line

8, and insert: "message telegram service or community antenna television system services or facilities other than those intended exclusively".

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, has the gentleman been in contact with the ranking minority member of the committee, and has he advised him that it was coming up at this time?

Mr. POAGE. I was in contact with the ranking minority member of the committee as lately as yesterday.

Mr. BYRNES of Wisconsin. I am asking about calling it up at this time.

Mr. POAGE. The ranking minority member is not here, but he agreed that it might be called up at any time we could call it up.

I also talked with the minority leader. He agreed that it might be called up at any time.

Mr. BYRNES of Wisconsin. Mr. Speaker, further reserving the right to object, I think we are getting into some little confusion here as far as the timing of these matters is concerned. While there may have been no objection to calling them up the minority member should be present so he could make any clarification that might be needed. I think we have gotten into some little confusion as the result of the order in which matters are being called up, and I am wondering if something can be done to clear it up.

Mr. CURTIS of Missouri. Mr. Speaker, if the gentleman will yield, I might say with regard to this matter that this is the one I objected to yesterday when it was called up. The amendment has been printed in the Record and we could see it. The minority leader on our side was consulted. Last night we did not have anyone here who could explain it.

This is a germane amendment.

Mr. POAGE. This is a germane amendment.

Mr. CURTIS of Missouri. And I want to thank the gentleman for his courtesy in understanding this matter. At least as far as I know—and I speak only for myself—I think there is no objection. This matter has been cleared and presented in this proper way.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

DRUG AMENDMENTS OF 1962

Mr. ROBERTS of Alabama. Mr. Speaker, I call up the conference report on the bill—S. 1552—to amend and supplement the laws with respect to the manufacture and distribution of drugs, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 3, 1962.)

Mr. ROBERTS of Alabama. Mr. Speaker, I yield myself such time as I might require.

Mr. Speaker, the drug bill now before the House is one of the most important measures which the Congress has acted upon during this session. It will mark a milestone in the progress we have been making better to protect the public health of this Nation. It is a necessary piece of legislation long overdue.

I want to take this opportunity, if I might have the attention of the Members, to compliment the distinguished chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Arkansas [Mr. HARRIS] who has sponsored this legislation. He has provided great leadership in getting the bill through the committee and to the floor of the House.

I had been prepared to say that unfortunately he would not be with us today, but I am delighted to see that he is on the floor of the House. His very presence here gives the gentleman from Alabama, and I am sure the members of the Committee on Interstate and Foreign Commerce, great confidence and inspiration so far as this bill is concerned. I am sorry he has been ill, but I am delighted to see that our chairman is able to be here with us today.

I would also like to thank all of the members of the Committee on Interstate and Foreign Commerce for the many long hours spent in the consideration of this bill. I am grateful to the staff members who assisted in helping us to bring out a good strong workable piece of legislation. I refer to Messrs. Sam G. Spal and Kurt Borchardt of the committee staff and James M. Menger, Jr., and William P. Adams, and others from the legislative counsel's office, who made themselves available at all times and helped a great deal in the consideration of one of the most intricate, difficult, but necessary pieces of legislation that this committee has ever tackled.

The committee of conference worked very diligently and produced this bill which passed the Senate yesterday by unanimous vote. This conference report is a composite of the best features of the House-passed bill H.R. 11581 and the Senate-passed bill S. 1552.

The sections dealing with, first, the effectiveness and safety of new drugs; second, records and reports as to experience on new drugs and antibiotics; third, consideration of new drug applications; fourth, animal feed; fifth, effective dates and transitional provisions; and sixth, prescription drug advertising are either the same as, or closely related to, the House-passed bill, H.R. 11581.

The sections dealing with, first, review and designation of official drug names; second, conspicuousness of official names; third, information to physicians; fourth, factory inspection; fifth, information on patents for drugs; and, sixth, registration and inspection of drug establishments are either the same

as, or closely related to, the Senate-passed bill, S. 1552.

The fact that we took the House or Senate version of a particular provision does not mean that there were major differences between the two. Indeed, in most instances the language on either side was very close and would have been equally acceptable. In fact, in some instances, such as in sections dealing with adequate manufacturing controls, the wording was either identical or substantially so. That is why we were able to reach agreement very quickly. We agreed to take the best features of both bills.

Mr. Speaker, there were a few items in the House bill which had no corresponding provision in the Senate bill and vice versa, such as the animal feed provision in the House bill, confidentiality of information in the House bill, effect of State laws in the House bill, or registration of producers of drugs in the Senate bill, publication by the Department of Health, Education, and Welfare of drug information in the Senate bill as well as information on patents in the Senate bill.

These items were worked out to the satisfaction of the conference committee.

Mr. Speaker, there is no need for me to stress the fact that we have the finest and best pharmaceutical industry in the world. This industry has produced the finest and most effective drugs on the market. This industry is spending many millions of dollars in research in order to develop new and more effective life-saving drugs. I believe we all agree on that. If that be the case, then one might ask "Why the need for this bill?"

The answer is that in matters involving the safety and health of our people we can always use a little extra measure of protection. We all agree that in such matters there is always room for improvement. The bill would do just that. It will give better assurance to the people that the drugs being marketed now, or those that are being or will be clinically tested, will be safer and more effective. Those drugs now on the market whose safety or effectiveness is no longer assured will be withdrawn. The Secretary of Health, Education, and Welfare will have the power to act quickly and decisively to remove a drug from the market when there is an imminent hazard to the public health.

Mr. Speaker, this bill will assist the physicians by requiring prescription drug advertisements to contain information in brief summary relating to side effects, contraindications, and effectiveness as shall be required by regulations to be issued by the Secretary of Health, Education, and Welfare.

That is the whole story in a nutshell.

Mr. Speaker, the pharmaceutical industry wants this bill. The public needs this bill. I urge the House to accept the conference report.

Mr. HEMPHILL. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from South Carolina, a member of the committee.

Mr. HEMPHILL. Mr. Speaker, I want to echo the sentiments of the subcom-

mittee chairman who is in the well on the good job that was done by our committee chairman and also by the members of the subcommittee and the members of the conference on the part of the House.

Mr. Speaker, I want to thank the committee members of the conference committee for supporting an amendment which I introduced to clarify some coverage as to the cosmetology business, the business known as hairdressing. We have had considerable concern and considerable correspondence from the hairdressing industry and the participants therein. Someone had told them that we were going to ruin their business and put them out of business.

We are assured, however, by this amendment that they are not, that they are considered, and they are taken care of.

Mr. Speaker, I want to thank the gentleman from Alabama for his good work in that connection, along with the other members of the committee.

(Mr. HEMPHILL asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS of Alabama. I thank the gentleman for his statement and for his contribution.

Mr. Speaker, I now yield to the gentleman from Ohio, the ranking minority member of the Subcommittee on Health and Safety [Mr. SCHENCK]. I would like to say at this time that the gentleman did a splendid job both in the consideration of the bill on the House side and was my strong right arm in the conference with the Senate. Due to his knowledge, his ability, and his extreme care, we were able to hold most of the House provisions in the bill.

Mr. SCHENCK. Mr. Speaker, I want to associate myself with the comments so well made by my colleague in reference to the other members of our committee and our committee staff. I also deeply appreciate the very cordial and kind personal comments of the gentleman from Alabama [Mr. ROBERTS]. It is always a privilege and a pleasure to work with him as it is with all the other members of our entire Committee on Interstate and Foreign Commerce under the chairmanship of the distinguished gentleman from Arkansas [Mr. HARRIS]; and especially is this true of the Subcommittee on Health and Safety.

Mr. Speaker, the final result, as set out in this conference report, is a much stronger and better legislative measure than either the original Senate or House bill. It has strong, effective provisions to protect and safeguard the health of everyone. This is of vital importance. I think it is also flexible enough to permit and encourage research and development, and to aid in the development and discovery of new drugs.

I think it ought to be said here, Mr. Speaker, that the drug industry spends a great deal of money in research and development. It is estimated that it costs some \$5 million to put one new drug on the market. Drug manufacturers, according to our hearings, spend some 10 to 12 percent of their gross sales in research, and only about 2 or 3 per-

cent in advertising, which I think is an extremely good indication that they are more interested in developing sound, safe, lifesaving drugs than they are in advertising just for additional business.

I am convinced, Mr. Speaker, that the conference report we present here today, which is a unanimous report, is a good report and should be adopted.

I should like to pay my very sincere tribute to the gentleman from Alabama who was selected and served as the Chairman of the conference committee with real distinction. He did an outstanding legislative job. I feel that our conference committee has come up with a very effective piece of legislation and one that will be of great value to every man, woman, and child in this country.

(Mr. SCHENCK asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS of Alabama. Mr. Speaker, I thank the gentleman from Ohio [Mr. SCHENCK]. I am deeply grateful to him for his kind remarks concerning the gentleman from Alabama.

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Minnesota, a member of the conference committee, and a member of the Health and Safety Subcommittee, who did an equally fine job in the conference and in the consideration of this bill through its various stages in the committee and in the House.

Mr. NELSEN. Mr. Speaker, I wish to associate myself with the comments made relative to the conference report.

I might say first that the gentleman from Alabama [Mr. ROBERTS] with whom I serve on the Health and Safety Subcommittee, did an outstanding job. I might add also that we did miss the chairman in our meetings in the conference, who was absent because of illness. But I would be neglecting my responsibility if I did not mention the outstanding work done in our committee by Chairman HARRIS, and the diligent application of all members of the committee as well as the staff to this very important job of legislation in this field.

Several of the controversial items that were before the House when this bill was considered were ironed out in conference. I wish to make mention of one feature that caused a good deal of concern; that is the advertising feature. While we did feel that adequate information should be in an ad we also felt that it would be impossible if some arbitrary requirements went to lengths beyond the means of those who advertised. I think the statement of the managers made clear what was the legislative intent. We wanted the language to be inclusive and descriptive and do what the law intends, but not arbitrary or unnecessarily long.

So, Mr. Speaker, may I join the gentleman in the well of the House in recommending to this Congress the passage of this much needed legislation. We think it is in good shape and in the public interest.

Mr. ROBERTS of Alabama. Mr. Speaker, I thank the gentleman and ap-



Public Law 87-862
87th Congress, H. R. 10708
October 23, 1962

An Act

76 STAT. 1140.

To amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 924), is amended by striking out subsection (a) thereof, and inserting in lieu thereof the following: Rural telephone service.
63 Stat. 949.

“(a) As used in this title, the term ‘telephone service’ shall be deemed to mean any communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity between the transmitting and receiving apparatus, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean message telegram service or community antenna television system services or facilities other than those intended exclusively for educational purposes, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended.” 48 Stat. 1066.
47 USC 153.

Approved October 23, 1962.

